



TAMALPAIS UNION HIGH SCHOOL DISTRICT

2020-21 Unaudited Actuals

September 14, 2021

So.... why do Unaudited Actuals?



- Unaudited actuals are the last major 'look back' at the previous fiscal year
- Looking at actual revenues & expenditures for 2020-21
 - Not budget (i.e. Budget Adoption, 1st & 2nd Interim, Estimated Actuals)
- Comparison: Estimated Actuals (June 2021) vs. Unaudited Actuals (Sept 2021)
 - Goal: provides feedback on accuracy of District's budgeting process
 - Accuracy = as close to zero as possible
 - Difference between the two only impacts the 2021-22 Beginning Fund Balance (Reserve)
 - Difference does not impact our 2021-22 budget & multi-year projection
 - Primarily focused on Unrestricted & other key funds for analysis
- Required by Ed Code

Agenda



- Revenue Drivers & Factors
- General Fund Revenue & Expenditure Categories
- Contributions & Transfers from General Fund
- General Fund Activity Summary
- Reconciliation of Estimated Actuals to Unaudited Actuals
- Activity & Balances (all Funds)
- Uncertainties & Prudence
- Next Steps & Questions

Revenue Drivers & Factors

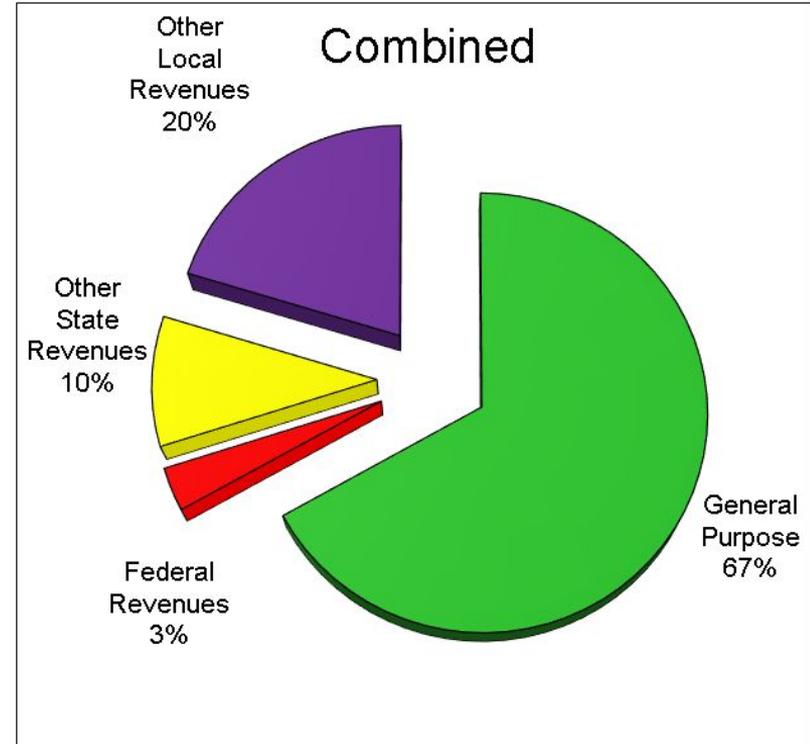


- 2020-21 Average Daily Attendance (ADA)
 - Actual ADA was 4,929, which is an increase of 82 students from 2019-20
 - Reminder: ADA is different than enrollment (5,093 students)
- Due to the fact that TUHSD is 'basic aid', the increase in ADA from 2019-20 does not significantly impact operating revenues
- Property taxes received during the fiscal year were \$69.2M, which was an increase of approximately \$3.6M from 2019-20 and represents a 5.56% increase

Sources of 2020-21 General Revenue (combined)

- General Purpose \$ 69,726,055
 - Property taxes, EPA, minimum State Aid
- State Funding \$ 10,028,758
 - COVID relief, Lottery, Special Education, etc.
- Federal Funding \$ 3,343,730
 - COVID relief, Title I, Title II, etc.
- Local Revenue \$ 21,159,390
 - Parcel taxes, Foundations, facilities fees, interest

TOTAL: \$ 104,257,933



Education Protection Account (EPA)



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

Education Protection Account (EPA) Budget <i>2020-21 Fiscal Year</i>	
Description	Amount
BEGINNING BALANCE	\$0
EPA REVENUES:	
<i>EPA Funds</i>	\$986,578
EPA EXPENDITURES:	
<i>Certificated Instructional Salaries</i>	\$723,458
<i>Certificated Instructional Benefits</i>	\$263,120
TOTAL	\$986,578
ENDING BALANCE	\$0

General Fund Expenditures

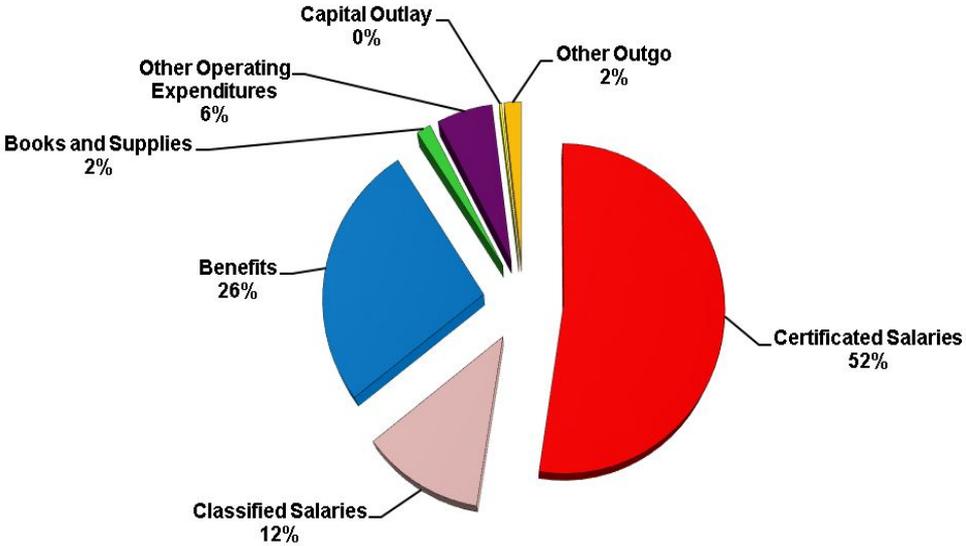
Description	Unrestricted	Combined
Certificated Salaries	\$33,915,295	\$39,870,193
Classified Salaries	\$7,699,096	\$11,276,091
Benefits (Payroll Taxes and Health & Welfare Contributions)	\$17,019,273	\$25,050,985
Books and Supplies	\$970,774	\$3,620,635
Other Operating Expenditures	\$3,729,379	\$12,332,986
Capital Outlay	\$157,199	\$246,002
Other Outgo	\$1,137,626	\$2,479,530
TOTAL	\$64,628,643	\$94,876,422

81% of combined General Fund expenditures are salary and benefits

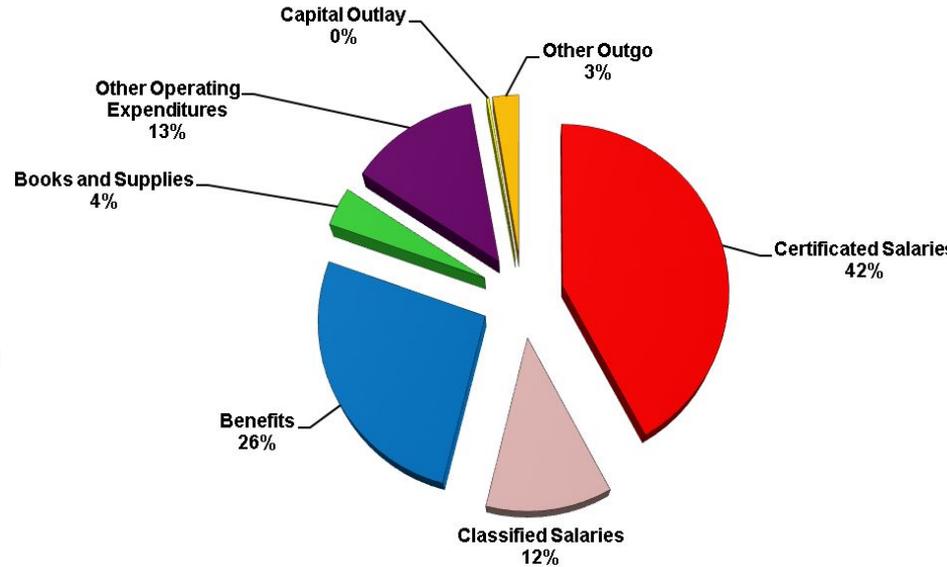
General Fund Expenditures



Unrestricted



Combined



91% of Unrestricted General Fund expenditures are salary & benefits

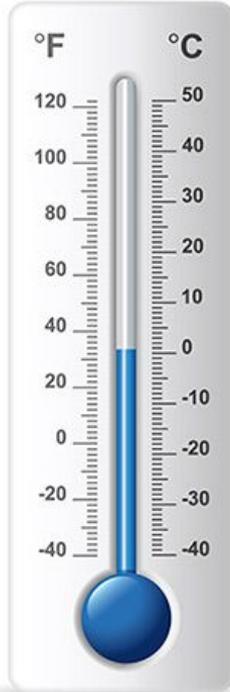
General Fund Contributions & Transfers



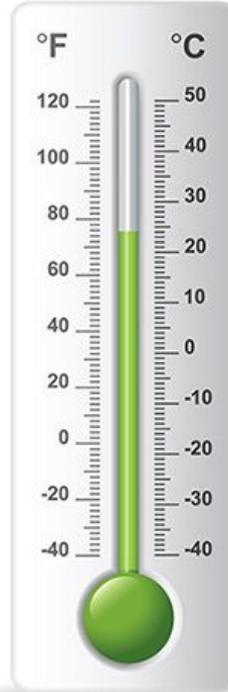
Description	Unaudited Actuals
Special Education - Instruction	\$12,798,281
Restricted Maintenance Account	\$3,788,817
Career Technical Education	\$141,467
Contributions from Foundations	(\$199,586)
TOTAL CONTRIBUTIONS	\$16,528,979

In addition to the above contributions, the District transferred \$543k to the Cafeteria Special Revenue Fund, \$1.16 million to Deferred Maintenance Fund and \$2.18 million to the Capital Outlay Reserve Fund.

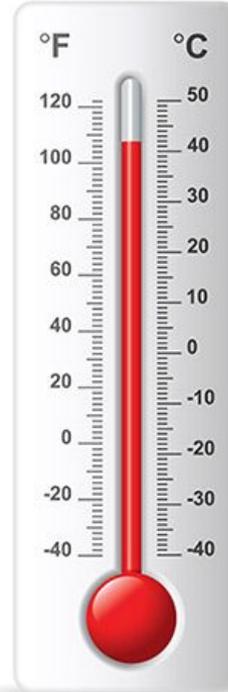
Unaudited Actuals 'Success Criteria'



+/-1% = Great
(about \$935k)



+/-2% = Good
(about \$1.87M)



+/-3% = OK
(about \$2.8M)

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

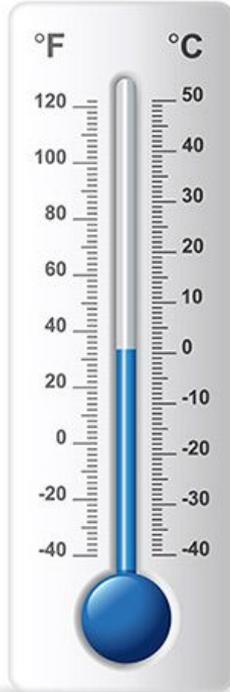
Looking back at 2020-21... June and tonight



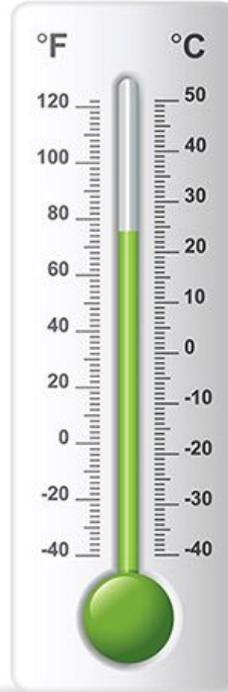
Again, we are looking back at 2020-21 and are comparing our Estimated Actuals (June 2021) to our Unaudited Actuals (September 2021).

- Overall changes between Estimated Actuals and Unaudited Actuals provide savings
- The variance between Estimated Actuals and Unaudited Actuals was about \$2.2 million, or 2.2% of the Unrestricted budget

Unaudited Actuals 'Success Criteria'



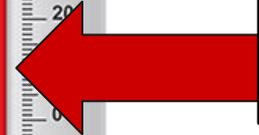
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(about \$935k)



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TUHSD is at
+\$2.2M (2.2%)

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

Comparison of Estimated Actuals vs. Unaudited Actuals - Impact on Reserves

<i>Description</i>	<i>Unrestricted Projected Operating Surplus</i>	<i>Ending Fund Balance (Reserve)</i>
2020-21 Estimated Actuals Projection (June)	\$ 1,593,393	\$ 19,851,048
<i>Changes</i>	\$ 2,150,272	\$ 2,150,272
2020-21 Unaudited Actuals Projection (September)	\$ 3,743,665	\$ 22,001,320

Components for Change in Unrestricted General Fund Reserve

Description of Significant Variance Components	Amount
Property & Parcel taxes revenues higher than estimated in June	\$6k
State lottery revenue higher than estimated in June	\$156k
Local revenues (Foundations, Facilities rentals, Interest) higher than estimated in June	\$318k
Expenditures less than anticipated in all categories (primarily during Spring COVID-19 school closures & use of COVID restricted funds)	\$1.7M
Contributions to Special Education were less than estimated (increased revenues (\$100k) & decreased expenditures (\$818k in transportation, \$1.0M in NPS, \$320k in salary/benefits, \$104k in MCOE Excess Costs)	\$2.4M
Transfers out to other funds were more than estimated (Facilities funds, Nutrition)	(\$2.4M)
Total Variance	\$2.2M

2020-21 General Fund Summary: In June, the estimated operating surplus for 2020-21 was \$1.6M. In September, the surplus is \$2.2M more than June and the unaudited actuals operating surplus for 2020-21 is now \$3.7M.

Components of 2020-21 Ending General Fund Balance (Reserve)



As a result of operations for 2020-21, the General Fund unrestricted ending fund balance is \$22.0M (estimated at \$19.9M in June), and restricted portion is \$6.1M, for a total of \$28.1M.

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

- Revolving cash & other nonspendable items - \$425k
- Assignments (i.e. 21-22 deficit spending, NGSS Textbook Adoption & Distance Learning) - \$18.3M
- Economic Uncertainty (3%) - \$2.9M
- Unassigned /Unappropriated - \$319k

The unrestricted reserve represents a 22.1% reserve level, which is above the targeted minimum reserve level of 17%, per Board Policy 3100 .

The reserve as of budget adoption (June 2021) is projected to increase by \$2.2M in the current year, but is projected to decrease by **\$794k** in 2022-23, and then an increase of \$2.0M in 2023-24.

2020-21 Ending Fund Balances (all funds)

As illustrated below, all Funds have a positive ending fund balance at June 30, 2021.

FUND	2019-20	Net Change	2020-21
GENERAL (UNRESTRICTED & RESTRICTED)	\$21,293,313	\$6,815,197	\$28,108,510
STUDENT ACTIVITY SPECIAL RESERVE	\$1,122,271	(\$124,333)	\$997,938
ADULT EDUCATION	\$582,778	\$170,600	\$753,378
CAFETERIA	\$501,834	(\$111,996)	\$389,838
DEFERRED MAINTENANCE	\$2,435,481	\$259,505	\$2,694,986
SPECIAL RESERVE	\$9,280	(\$9,280)	\$0
FOUNDATION	\$53,413	\$368	\$53,781
BUILDING	\$0	\$0	\$0
CAPITAL FACILITIES	\$308,172	\$171,455	\$479,627
CAPITAL OUTLAY	\$3,943,873	\$1,939,509	\$5,883,383
BOND INTEREST & REDEMPTION	\$9,110,109	\$1,114,323	\$10,224,432
SELF INSURANCE	\$66,771	(\$66,771)	\$0
TOTAL	\$39,427,295	\$10,158,578	\$49,585,873

Uncertainties & Prudence: *Moving forward...*

- COVID-19 Delta variant and potential impact on economy, related Prop 13 inflation cap & local property tax revenues
- Scheduled large facilities projects ahead (multiple field replacements, roofing, pool replastering, etc)
- TUHSD is now past 'peak enrollment' in 2020-21 with ongoing projected declines through current Kindergarten class
 - *Will current Marin real estate growth translate into increase in future students?*
- Extended 'Class Size Increase' MOU expires in 2025-2026 school year
- 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 \$600k
- Concerns about future increases to STRS & PERS pension rates given statewide loss of enrollment & staff paying into pension systems
- COVID relief funding: One-time revenues = One-time expenditures (i.e. no ongoing services)
- Statewide trend of Special Education costs increases continue (unfunded mandate)
- After 'one-time' relief (i.e. COVID funds, State pension relief, Class Size MOU) expires, TUHSD is projecting balanced budgets in the official 3-year MYP and surpluses in the 5-year projection.

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, 2021...”*
 - 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?