TAMALPAIS UNION HIGH
SCHOOL DISTRICT

# 2023-24 Unaudited Actuals

September 10, 2024

# Why do Unaudited Actuals?

- Unaudited actuals are the last major ‘look back’ at the previous fiscal year
- Looking at actual revenues & expenditures for 2023-24
  - Not budget
- Comparison:  Estimated Actuals (June 2024) vs. Unaudited Actuals (Sept 2024)
  - Goal:  provides feedback on accuracy of District’s budgeting process
    - Accuracy = as small as possible (relative to a total budget of $119M)
  - Difference between the two only impacts the 2023-24 Beginning Fund Balance (Reserve)
  - Difference does not impact our 2024-25 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

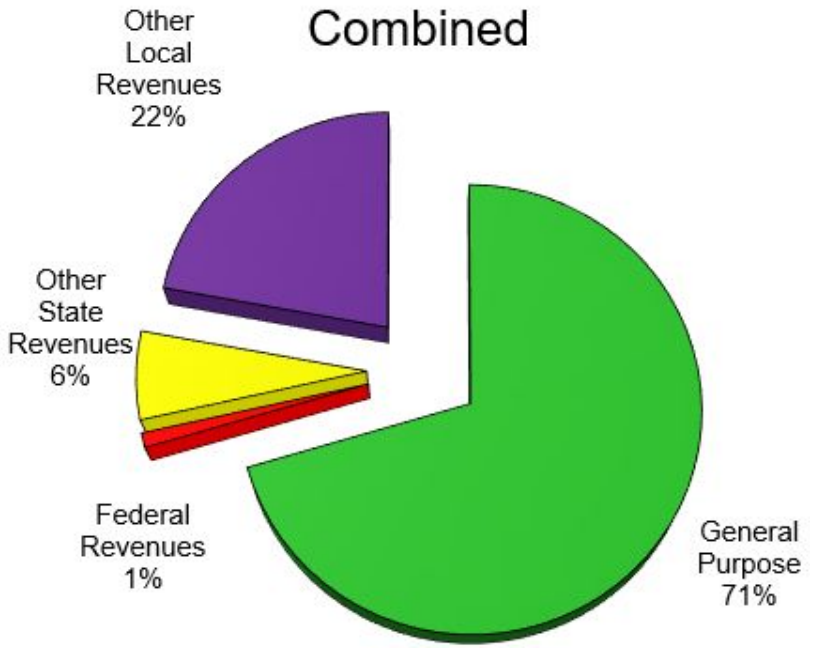
# Revenue Drivers & Factors

- 2023-24 Average Daily Attendance (ADA)
  - Actual ADA was 4,384, which is an decrease of 129 students from 2022-23
  - Reminder: ADA is different than enrollment (4,727 students)
- Due to the fact that TUHSD is 'basic aid', the increase in ADA from 2022-23 does not significantly impact operating revenues
- Property taxes received during the fiscal year were $82.3M, which was an increase of approximately $5.0M from 2022-23 and represents a 6.24% increase
  - Note: 6.24% was reduced due to reductions in assessed value for two large Marin County commercial properties (i.e. Nordstrom, Northgate mall)

# Sources of 2023-24 General Revenue (combined)

- General Purpose $ 83,576,868
  - Property taxes, EPA, minimum State Aid, etc.
- State Funding $ 7,566,165
  - AMIM, Lottery, Special Education, ROP, etc.
- Federal Funding $ 1,244,555
  - Title I, Title II, IDEA, etc.
- Local Revenue $ 26,383,714
  - Parcel tax, Foundations, facilities fees, interest

**TOTAL: $ 118,771,302**



# Education Protection Account (EPA)

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

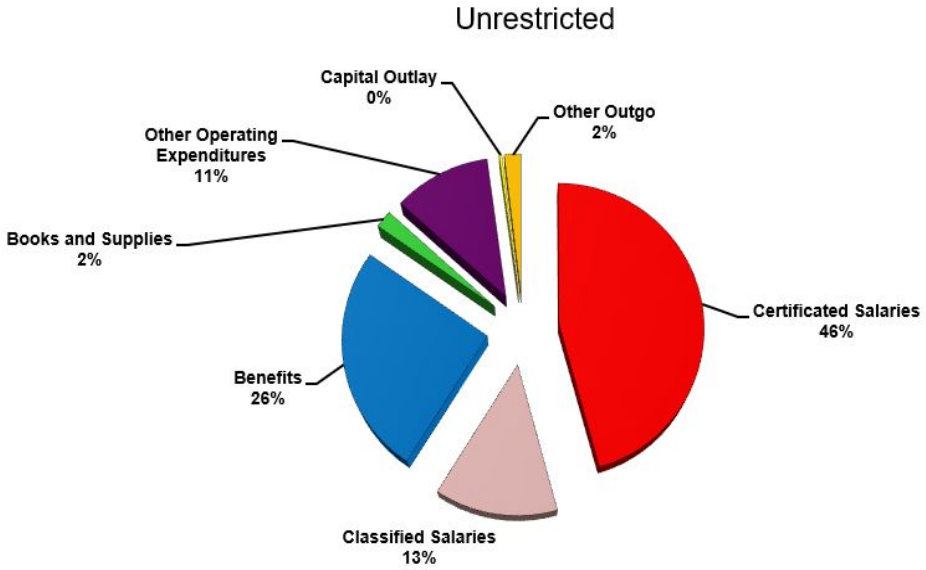
| Education Protection Account (EPA) Budget<br>*2023-24 Fiscal Year* | |
|---|---|
| Description | Amount |
| **BEGINNING BALANCE** | $0 |
| **EPA REVENUES:** | |
| *EPA Funds* | $953,792 |
| **EPA EXPENDITURES:** | |
| *Certificated Instructional Salaries* | $688,860 |
| *Certificated Instructional Benefits* | $264,932 |
| **TOTAL** | $953,792 |
| **ENDING BALANCE** | $0 |

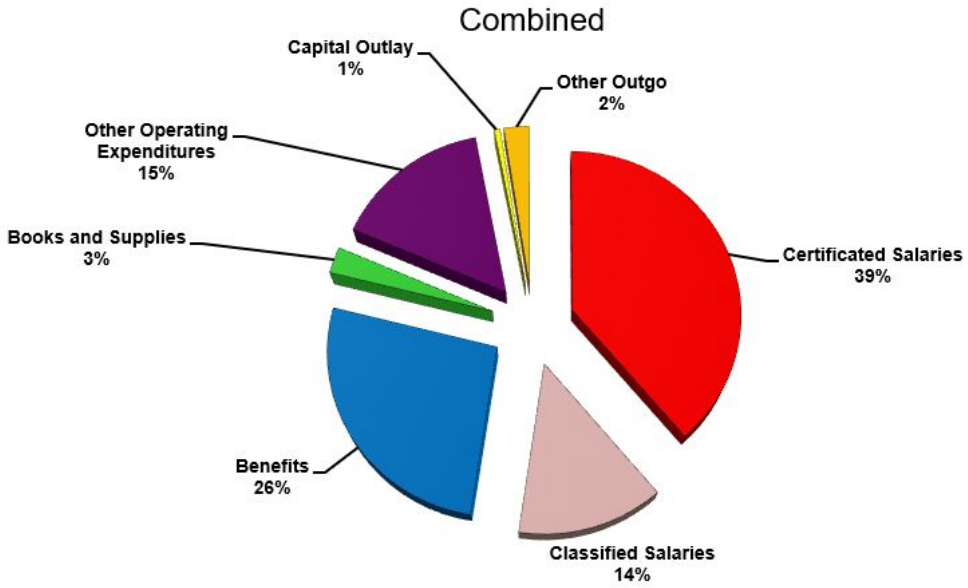
# General Fund Expenditures

| Description | Unrestricted | Combined |
|---|---|---|
| Certificated Salaries | $35,457,569 | $43,385,960 |
| Classified Salaries | $10,309,503 | $15,230,085 |
| Benefits (Payroll Taxes and Health & Welfare Contributions) | $19,871,755 | $29,642,022 |
| Books and Supplies | $1,543,080 | $2,901,089 |
| Other Operating Expenditures | $8,645,637 | $17,885,110 |
| Capital Outlay | $238,829 | $631,214 |
| Other Outgo | $1,473,867 | $2,791,256 |
| **TOTAL** | **$77,540,241** | **$112,466,736** |

79% of combined General Fund expenditures are salary and benefits

# General Fund Expenditures




85% of Unrestricted General Fund expenditures are salary & benefits

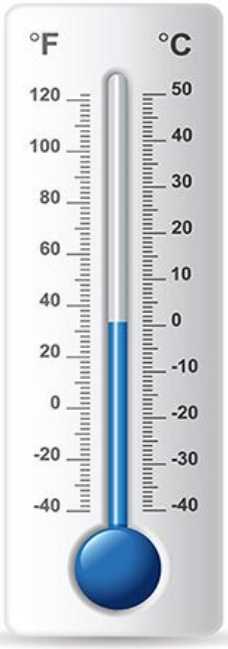
# General Fund Contributions & Transfers

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

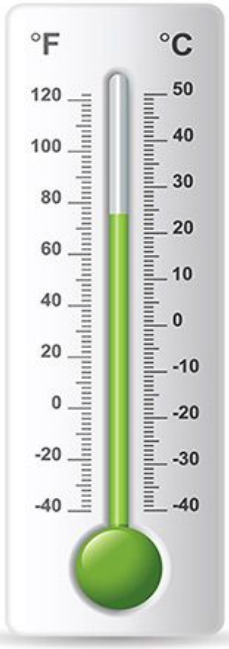
| Description | Unaudited Actuals |
|---|---|
| Special Education - Instruction | $17,782,408 |
| Restricted Maintenance Account | $3,439,626 |
| Career Technical Education | $122,515 |
| **TOTAL CONTRIBUTIONS** | **$21,344,549** |

In addition to the above contributions, the District made no transfer to the Cafeteria Special Revenue Fund, $357k to Deferred Maintenance Fund and $6.8M to the Capital Outlay Reserve Fund.

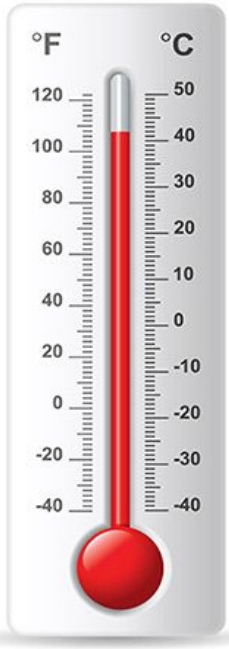
# Unaudited Actuals ‘Success Criteria’




+/-1% = Great
(about $1.2M)




+/-2% = Good
(about $2.4M)




+/-3% = OK
(about $3.6M)

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

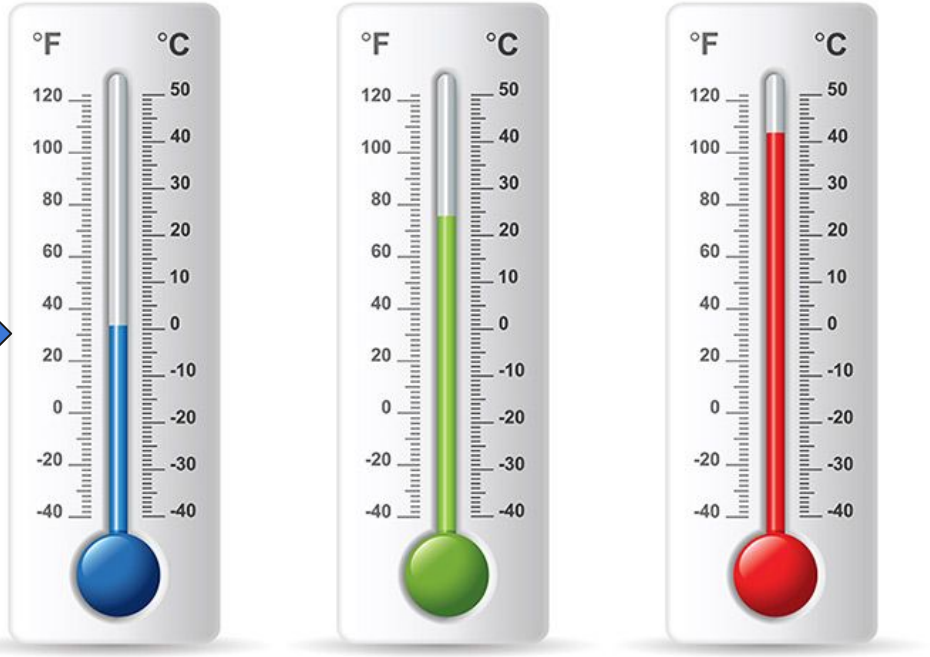
# Looking back at 2023-24… June and tonight

Again, we are looking back at 2023-24 and are comparing our Estimated Actuals (June 2024) to our Unaudited Actuals (September 2024)

- Overall changes between Estimated Actuals and Unaudited Actuals provide savings
- The variance between Estimated Actuals and Unaudited Actuals was about $344k, or 0.4% of the combined budget

# Unaudited Actuals 'Success Criteria'

TUHSD is at +$344k (0.4%)




+/-1% = Great (about $1.2M)

+/-2% = Good (about $2.4M)

+/-3% = OK (about $3.6M)

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

# Comparison of Estimated Actuals vs. Unaudited Actuals

| *Description* | *Unrestricted Projected Operating Surplus/(Deficit)* | *Ending Fund Balance (Reserve)* |
|---|---|---|
| **2023-24 Estimated Actuals Projection (June)** | **$ 694,704** | **$24,209,544 (20.0%)** |
| *Variance* | *$ 344,311* | *$ 344,311* |
| **2023-24 Unaudited Actuals Projection (September)** | **$ 1,039,015** | **$ 24,553,856 (20.5%)** |

# Components for Change in Unrestricted General Fund Reserve

| Description of Significant Variance Components | Amount |
|---|---|
| Net revenues higher than estimated in June (Interest, grant, FMV)<br>● Note: Fair Market Value (FMV) increase of $622k is an accounting entry and was reversed by MCOE on 7/1/2024, per GASB 72. | $942k |
| Net expenditures lower than anticipated in most categories (certificated & classified salaries, benefits, books and supplies) except Other Services (utilities, athletic settlement) | $454k |
| Net other sources/uses higher than anticipated (increased Special Education contribution, increased transfer out to Capital Outlay Reserve facilities fund, additional CTE revenue) | $(1.1M) |
| **Total Variance** | **$344k** |

# Components of 2023-24 Ending General Fund Balance (Reserve)

For 2023-24, the General Fund unrestricted ending fund balance is $24.6M and restricted portion is $10.6M, for a combined total of $35.1M.

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

- Revolving cash & other nonspendable items - $58k
- Assignments (i.e. Prop Tax & SpEd Uncertainty, minimum reserve) - $18.2M
- Economic Uncertainty (3%) - $3.6M
- Unassigned /Unappropriated - $2.7M

The unrestricted reserve represents a **20.5%** reserve level, which is above the minimum reserve level of 17%, per Board Policy 3100.

# 2023-24 Ending Fund Balances (all funds)

As illustrated below, all Funds have a positive ending fund balance at June 30, 2024.

| FUND | 2022-23 | Net Change | 2023-24 |
|---|---|---|---|
| GENERAL (UNRESTRICTED & RESTRICTED) | $34,725,851 | $373,566 | $35,099,417 |
| STUDENT ACTIVITY SPECIAL RESERVE | $650,782 | $39,847 | $690,629 |
| ADULT EDUCATION | $985,568 | $80,224 | $1,065,791 |
| CAFETERIA | $761,307 | $145,915 | $907,222 |
| DEFERRED MAINTENANCE | $4,819,326 | ($335,175) | $4,484,150 |
| FOUNDATION | $54,456 | $3,082 | $57,538 |
| BUILDING | $0 | $0 | $0 |
| CAPITAL FACILITIES | $697,369 | $97,308 | $794,677 |
| CAPITAL OUTLAY | $13,720,929 | ($4,549,051) | $9,171,878 |
| BOND INTEREST & REDEMPTION | $12,474,711 | $209,046 | $12,683,757 |
| **TOTAL** | **$68,890,298** | ($3,935,238) | **$64,955,060** |

# Uncertainties & Prudence

- Inflation, Federal Reserve, Interest Rates & Economic Uncertainty
  - Impact on property tax revenue?
- Ongoing enrollment decline for at least the next 8 years has begun, BUT ends in 2031-32
  - Major 'lesson learned' from past financial challenges: Need to adjust staffing to enrollment accordingly
- 'Class Size ' MOU expired after 2023-24 school year
- Compared to 2024-25 Budget Adoption in June, additional 6.8 fte in teachers/counselors hired at sites (about $1.2M)
- No additional one-time State or federal funding anticipated moving forward
  - Clarification still pending for Prop 28 Art Education allowable uses
- TFT- & CSEA-represented employee groups have settled on compensation through 2024-25, but not in 2025-26 & beyond
  - Future cost of a 1% raise in 2025-26 estimated to be approximately $687k
- Major, imminent facilities needs (without dedicated funding) would divert funding from General Fund (students & staff)
- Pending the above, TUHSD is projecting balanced budgets in the official 3-year MYP & minimum 17% reserve = **Sustainable, BUT unfunded imminent facilities needs pose significant risk to general fund**
  - **Budget expenditure reductions for 2025-26 will be necessary to maintain fiscal sustainability pending 1) facilities bond measure and 2) additional certificated staffing (above)**

# 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, 2024…"*
    - 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?