

# Executive Summary

## Introduction

The California education code requires all school districts to adopt a budget for the 2023 - 2024 school year by July 1, 2023. This budget is to be used as the spending plan for the school year. However, the budget is a living document and will change as conditions in the State vary or as unanticipated needs arise within the local community.

## 2022 – 2023 Budget

The Governor's State Budget proposal for 2023 – 2024 (May Revision) was released on May 12, 2023 under a looming cloud of decreasing State revenues, a projected \$31.5 billion budget shortfall, and general economic uncertainty. This year's budget proposal is evidence that the record setting State revenues experienced over the last few years have come to an end. With 2022 corporate and personal income tax payments extended to October 16 this year, the State is projecting its primary revenue source based on unknowns. The Legislative Analyst Office is estimating that revenues could come in as much as \$11 billion less than the State's projections; bringing the budget shortfall to over \$42 billion. Analysts are coining the May Revision the riskiest budget proposal in over a decade.

Despite the gloomy outlook, the Governor's proposal still prioritizes K-12 education. The proposal continues to fully fund new programs introduced over the last two budget cycles such as Universal Transitional Kindergarten, the Expanded Learning Opportunities Program, and Universal Meals. In addition, the Governor proposes an 8.22% COLA for the Local Control Funding Formula and Special Education. This comes at a price, as the proposal also includes significant reductions to one-time funding awarded to school districts in the 2022 – 2023 in order to fund the higher COLA. The use of one-time sources to fund an ongoing COLA increase adds to the concern that future cuts to education are likely. At the time of this writing, the Legislature has reviewed the Governor's budget and proposed an alternative budget which makes changes to some of the Governor's May revision proposal. Some of the major highlights of the May Revision include:

- 1) **LCFF Funding.** The Governor has proposed an 8.22% increase to LCFF funding. This includes additional funding to increase supplemental and concentration grants for LCFF Districts. The LAO has warned that the State should fund no more than a 5.1% COLA in 2023 - 2024. The Governor is proposing to fund the additional 3.1% by reducing allocations for the Arts, Music, Instructional Materials Block Grant and the Learning Recovery Emergency Block Grant. These grants were allocated to districts in the 2022 – 2023 budget. However, TTUSD continues to be a Basic Aid (or community funded) school district in 2023 - 2024. This means our property tax revenue exceeds the minimum base funding level established by the State. Therefore, TTUSD will not benefit from the proposed 8.22% COLA.
- 2) **Expanded Learning Opportunity Program.** The May Revision continues the Expanded Learning Opportunity Program introduced in 2021 – 2022. This funding is intended to provide

expanded before and after school enrichment programs for targeted high needs students. The District receives approximately \$1.347 million for this program.

- 3) **Universal Transitional Kindergarten.** The May Revisions includes the Governor's plan for districts to provide Universal TK to all eligible students by 2025 – 2026. Universal TK will be phased in by expanding the age eligibility each year beginning in 2022 – 2023. Next year, the District will be required to offer TK to any student whose fifth birthday occurs between September 2 and April 2. That eligibility window will expand to June 2 in 2024 – 2025. In 2025 – 2026, the District will be required to offer TK to any student turning four by September 1. Universal TK also imposes adult to student staffing ratios of 12:1 in 2023 – 2024 and 10:1 in subsequent years.
- 4) **Universal Meals Program.** The May Revision includes over \$1.4 Billion for the Universal Meals Program. Beginning in 2022- 2023, districts are required to provide 2 free meals per day to every student that requests a meal. This funding will backfill meal reimbursements not eligible under the Federal School Nutrition Program.
- 5) **Special Education Base Rate.** The Governor is proposing a 8.22% COLA for local Special Education funding. This has been included in the budget.
- 6) **2022 – 2023 One-time Discretionary Dollars.**
  - a. One-time Arts, Music, Instructional Materials Block Grant - The 2022 - 2023 State Budget included nearly \$3.6 Billion in one-time funding to obtain standards-aligned professional development and instructional materials in specified areas, obtain professional development on improving school culture, develop diverse and culturally relevant book collections, operational costs and COVID personal protective equipment. The District's allocation was \$2,273,411. The 2023 – 2024 May Revision proposes to reduce this by 51% or 1,159,440. This reduction was included in the 2022 – 2023 Estimated Actuals.
  - b. One-time Learning Recovery Emergency Block Grant - The 2022 - 2023 Proposed State Budget included \$7.93 Billion in one-time funding to be used for learning recovery initiatives through the 2027-28 school year that, at a minimum, support academic learning recovery, and staff and pupil social and emotional well-being. The District's allocation is \$3,209,936. The 2023 – 2024 May Revision proposes to reduce this by 32% or \$1,027,180. This reduction was included in the 2022 – 2023 Estimated Actuals.

## **Budget Development**

The development of this budget is consistent with the vision, beliefs, goals, and priorities of the Board of Education of the Tahoe Truckee Unified School District. All financial and budgetary decisions were made with consideration of the Board's Belief No. 1: Students are the focus of all decisions.

## Major Budget Assumptions

The following is a list of major assumptions used to develop the 2023 - 2024 budget:

### 1. Revenue

- a. Property Tax increases of 5.27% in 2023 - 2024.
- b. Mandated Block grant of \$162,547.
- c. Education Protection Account Funding of \$735,804.
- d. Measure AA revenue of \$5.66 million.
- e. Washoe County Tuition of \$700,000.
- f. Career Technical Education Incentive Grant (CTEIG) Funding of \$261,575.
- g. Forest Reserve funding in 2023 - 2024 of \$157,770.
- h. Transfer of \$200,000 to the Deferred Maintenance Fund.
- i. Contribution of \$250,000 for COP possible debt service.
- j. Contributions of \$222,457 to the Bus Replacement Fund and \$130,000 to Tech Replacement Reserve Fund.
- k. CalSTRS On-behalf Contribution revenue of \$3,264,444.
- l. Contribution of \$928,771 to Measure AA to sustain classroom programs.
- m. Contribution of \$2,811,000 for Routine Restricted Maintenance. This represents the required contribution of 3% of total general fund expenditures.
- n. In-lieu property tax transfer of \$2,232,708 to Sierra Expeditionary Learning School. This is an increase of \$166,734 from 2022 – 2023.
- o. \$49,852 in Medi-Cal Administrative Activities funding.
- p. \$1,275,053 in Home to School Transportation Reimbursement funding.
- q. \$597,017 in Student Behavior Health Incentive Program funding.
- r. Local Special Education increases of 8.22%.

### 2. Expenditures

- a. 1.8% step and column increase for Certificated staff and 2.2% step and column increase for Classified staff.
- b. CalSTRS Employer contribution rates at 19.10% in 2023 - 2024.
- c. CalPERS Employer contribution rates at 26.68% in 2023 - 2024.
- d. Decrease in workers compensation rate from 1.57% to 1.53%.
- e. Intervention and Site Operational funding included.
- f. Education Protection Account funds used for teacher salaries in 2023 - 2024.
- g. \$100,000 out of state tuition payment.
- h. Career Technical Education Incentive Grant expenditures of \$261,575.
- i. CalSTRS On-behalf Contribution expenditures of \$3,264,444.
- j. Chromebook replacement of \$309,000.
- k. Staff computer replacement of \$94,000.
- l. Temporary transfer of over \$1 million in Middle School Wellness Center staff, three TOSA coaches, temporary Enhancement Paraprofessionals, and support staff to the Learning Recovery Block Grant.
- m. Recapture of vacancy savings from 2022 – 2023 for Custodians, Special Ed Instructional Assistants, Bus Drivers, and Campus Monitors.

## **What's New in This Year's Budget**

In addition to the items listed in the expenditure assumptions, the District has added the following positions/expenditures in 2023 - 2024 in order to enhance and support our schools and students:

- Net Increase of 3.0 FTE teachers to accommodate growth, classroom overages, and leaves.
- 1.0 FTE Teacher on Special Assignment (TOSA).
- 1.0 FTE increase for a nurse to support Truckee Elementary School Special Day Class.
- 0.2 FTE increase for temporary counselor at Kings Beach Elementary School.
- 1.0 FTE increase for Donner Trail Elementary School Principal and District Accountability Coordinator.
- 1.0 FTE increase for School Psychologist.
- 0.2 FTE increase for Curriculum, Data, and Assessment Technician.
- 0.375 FTE increase for Wellness Center Specialists.
- 0.6 FTE increase for Occupational Therapist.
- 0.4 FTE increase for School Secretary at Kings Beach Elementary School.
- 1.0 FTE increase for School Secretary at Tahoe Lake Elementary School.
- Full Implementation of the Expanded Learning Opportunities Program in partnership with the Boys and Girls Club of North Lake Tahoe.

## **Financial Summary and Comparisons**

Enclosed you will find the 2023 - 2024 proposed budget for TTUSD. The attached budget report is in the Standardized Account Code System (SACS) financial reporting format. This executive summary includes financial data that summarizes and explains the SACS report. The following section provides descriptions of the major funding sources and expenditure categories for the General Fund and highlights the changes and assumptions built into the 2023 - 2024 Proposed Budget.

## **Estimated Actuals**

Throughout the budget cycle there are many revisions applied to the original adopted budget as new information becomes available, including the adoption of the State budget. The district is required to present formal revisions to the adopted budget at specific reporting periods during the year: The First Interim Report includes all budget revisions through October 31, 2022 and is presented in December. The Second Interim Report includes budget revisions as of January 31, 2023 and is reported in March. The Board has already reviewed and approved the First and Second Interim changes to the 2022 - 2023 budget. The last budget revision required by the District is Estimated Actuals which is included in the SACS report alongside the 2023 - 2024 Proposed Budget. Estimated Actuals are staff's best estimate on how we will end the 2022 - 2023 fiscal year. The estimated actuals are not only a way to gauge our ending fund balances, but they also help us determine appropriate budget amounts when building the proposed 2023 - 2024 budget. Since these are the final budget revisions for 2022 - 2023, they are a better indicator when comparing changes to the new budget. Therefore, all variances calculated in the tables and narrative below result from the comparisons between the 2022 - 2023 Estimated Actuals and the 2023 - 2024 Proposed

Budget. However, we have also included the 2022 - 2023 45 Day Budget Revision numbers as an additional reference when reviewing the Proposed Budget.

## Revenue

Overall, the 2023 - 2024 budget shows an increase in revenue of \$809,408 when compared to the 2022 - 2023 estimated actuals. Changes in revenues are included in the summaries below.

1. **Property Taxes/State Aid/EPA (LCFF Sources):** The majority of revenue in this category is property taxes. Property taxes consist of homeowner's exemptions, timber yield taxes, secured roll taxes, and unsecured roll taxes. This also includes State Aid from former categorical programs, Education Protection Account Funding and the in-lieu tax obligation paid to Sierra Expeditionary Learning School. Overall, this category increased \$3,262,489 or 5.00%. This is mainly a result of increases in property tax revenues. The following provides more detail of the funding sources included in this category.
  - a. **Property Taxes:** This category is our main source of unrestricted general fund revenues. Increases in property taxes are dependent upon the performance of the local real estate market (i.e., sales of existing homes and commercial properties) and new residential and commercial construction projects in our area. It is estimated that the assessed values of properties within the District will increase by 5.26% in 2023 - 2024. This translates to an overall increase of 5.27% or \$3,278,488 in new property tax revenues for 2023 - 2024.
  - b. **Former Redevelopment Agency (RDA) revenues:** The district receives revenue from the RDA in the form of community funds and residual tax allocations. We are projecting an increase of \$130,735 in RDA revenues for 2023 - 2024.
  - c. **Education Protection Account (EPA):** EPA funding was authorized by the passage of Proposition 30 and later extended by Proposition 55. EPA funding was intended to backfill funding shortages for school district revenue limits and prevent future cuts to K-12 schools. The language of Proposition 30 also provided that no school district would receive less than \$200 per student. This exclusively benefits Basic Aid school districts that do not receive LCFF funding. We anticipate \$735,804 in EPA funding for the 2023 - 2024 budget.
  - d. **Transfers to Charter School:** We currently fund the general purpose entitlement grants for SELS through our property tax collections. This is called our in-lieu property tax obligation. SELS is funded according to the LCFF model. The per student LCFF funding amounts are updated by the State annually. When the State increases the LCFF funding, our in-lieu tax obligation increases, thereby reducing our overall property taxes. In 2023 - 2024 our in-lieu property tax transfer is estimated at \$2,232,708, an increase of \$166,734 from 2022 - 2023.
  - e. **Transfers to Deferred Maintenance:** In order to ensure that there is adequate funding to perform long-term maintenance projects, the District makes annual transfers to the Deferred Maintenance Fund. This budget includes a \$450,000 contribution to this fund for the purposes of deferred maintenance projects.
  - f. **State Aid:** The District anticipates to receive \$1,906,330 as Minimum State Aid from the State.

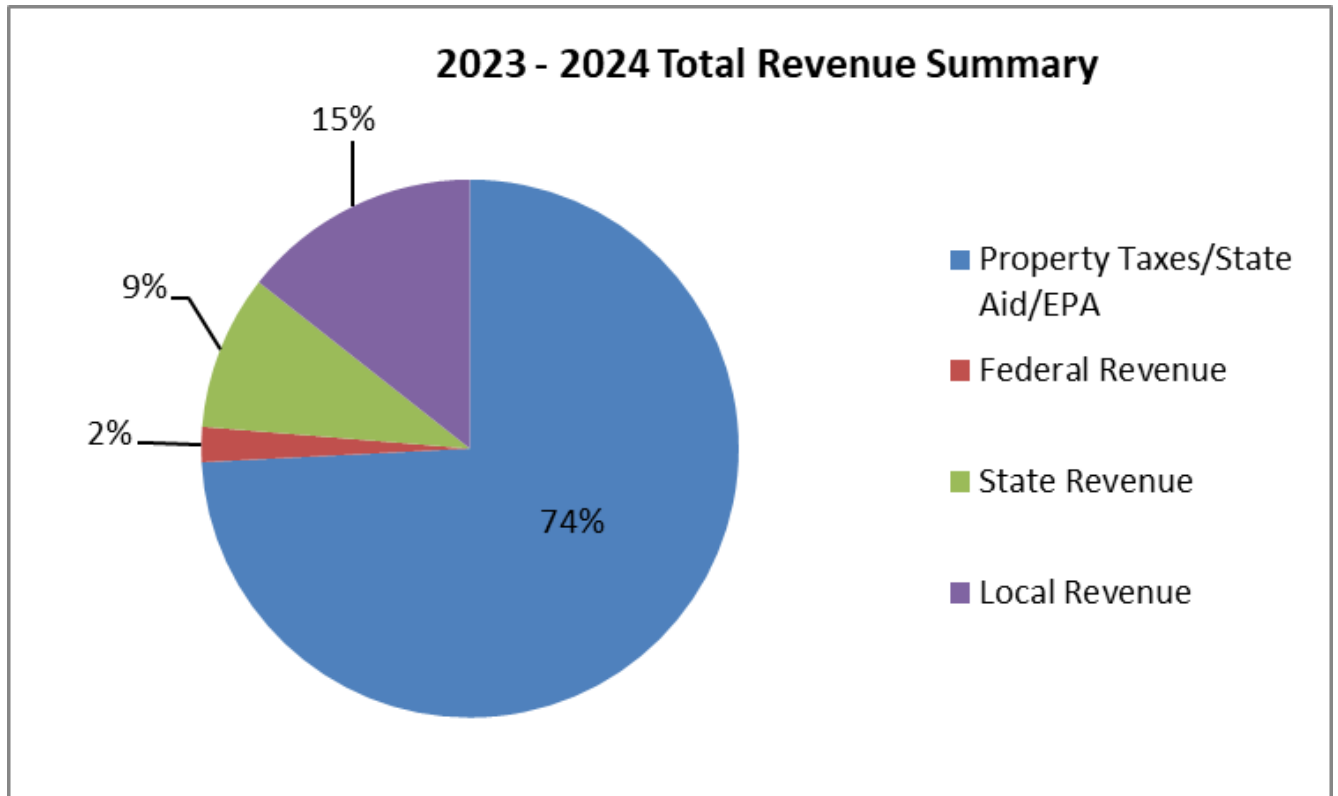
2. **Federal Revenue:** This revenue category consists of funding for all Federal programs to include: Title I, Title II, Title III, and IDEA (Federal Special Education Grants). Federal funding has decreased by \$1,307,884 or 40.2% due to the following:
  - a. Increase of \$55,241 as a result of Title I carryover from 2022 - 2023.
  - b. Decrease of \$526,212 in ESSER III funding.
  - c. Decrease of \$878,275 in Federal Expanded Learning Opportunity grant carryover.
  - d. Decrease of \$12,330 in one-time Federal Special Education Grants.
  - e. Increase of \$63,757 in Title II funding carryover.
3. **State Revenue:** This revenue source is composed of numerous categorical programs (Lottery revenues, mandate block grant, mental health programs, etc.). State revenue has decreased by \$2,659,343 or 23.6% for the 2023 - 2024 year. This decrease is attributed to:
  - a. Increase of \$144,920 in CalSTRS On-behalf Contribution revenues which are offset by the same amount in expenditures.
  - b. Increase of \$60,433 in Lottery funding.
  - c. Decrease of \$369,343 in one-time Special Education funding.
  - d. Increase of \$597,017 in Student Behavioral Health Incentive Program (SBHIP) grants.
  - e. Increase of \$367,717 in Home to School Transportation reimbursements.
  - f. Decrease of \$1,149,192 in the one-time Arts Music Instructional Block Grant received in 2022 – 2023.
  - g. Decrease of \$2,198,742 in the one-time Learning Recovery Emergency Block Grant received in 2022 – 2023.
4. **Local Revenue:** Major components of this revenue source include the Measure AA parcel tax, RDA pass-thru funding, facility use fees, interagency fees, local grants and special education funding. The local revenues have increased by \$1,514,146 or 12.9% for the 2023 - 2024 fiscal year. However, the 2023 - 2024 budget does not include the full amount of grants and donations that were received from local organizations and community members during the 2022 - 2023 school year (e.g., Excellence in Education, PTO, etc). These grants and donations are not guaranteed and will be included in the budget as they are received. Major changes in local revenue include:
  - a. Measure AA Parcel Tax: In 2018 voters approved a nine-year extension of the Measure A parcel tax (now Measure AA) along with an increase of the tax from \$135 to \$148 per parcel. The estimated revenues from Measure AA are expected to be \$5.66 Million. There is no change in revenue from the prior year.
  - b. RDA Pass-through funds: In addition to the RDA funding noted in the Property Tax/State Aid/EPA sources section, the district also receives additional revenue from the RDA. This funding is restricted and can only be used for capital improvements. We anticipate an increase of \$35,300 in 2023 - 2024.
  - c. Decrease of \$164,926 from 2022 - 2023 donations not included in 2023 - 2024.
  - d. \$40,000 increase in Washoe County tuition.
  - e. \$351,036 increase in Special Education revenues.
  - f. \$65,000 increase in interest earnings.
  - g. \$90,371 decrease in Worker's Compensation credits.

- h. \$33,908 decrease in Chromebook insurance payments.
- i. \$1,367,326 increase in State and Air Pollution Control District grants for the purchase of four (4) electric buses and one (1) low emissions bus.
- j. \$52,369 increase in ELOP transfers from Sierra Expeditionary Learning School.
- k. \$10,000 increase in Chromebook repair reimbursements.

The table and graph below summarize the anticipated revenue for 2023 - 2024.

**2023 - 2024 Proposed Budget  
Unrestricted and Restricted Revenues**

| Revenue                      | 2022 - 2023<br>45 Day Revise | 2022 - 2023<br>Est. Actuals | 2023 - 2024<br>Proposed<br>Budget | Variance of<br>Proposed Budget<br>& Est. Actuals |
|------------------------------|------------------------------|-----------------------------|-----------------------------------|--|
| Property Taxes/State Aid/EPA | \$ 65,161,224                | \$ 65,276,556               | \$ 68,539,045                     | \$ 3,262,489                                     |
| Federal Revenue              | \$ 3,949,551                 | \$ 3,252,424                | \$ 1,944,540                      | \$ (1,307,884)                                   |
| State Revenue                | \$ 13,664,806                | \$ 11,263,218               | \$ 8,603,875                      | \$ (2,659,343)                                   |
| Local Revenue                | \$ 11,017,456                | \$ 11,779,192               | \$ 13,293,338                     | \$ 1,514,146                                     |
| <b>Total Revenue</b>         | <b>\$ 93,793,037</b>         | <b>\$ 91,571,390</b>        | <b>\$ 92,380,798</b>              | <b>\$ 809,408</b>                                |



## Expenditures

The district projects expenditures to be \$93,266,743 in 2023 - 2024. The largest portion of the budget is allocated for personnel. Salaries and benefits account for 81.5% of the budget. The 2023 - 2024 budget shows an increase in expenditures of approximately \$5,272,586 from the 2022 - 2023 estimated actuals. This increase is attributed to a variety of increases and decreases in different expenditure categories. The following is breakdown of the different general fund expenditure categories along with assumptions used for the estimating expenditures.

1. **Certificated Salaries:** This category includes salaries and wages for all teachers, certificated specialists, site and certificated administrators, substitutes, and psychologists. The salaries for certificated staff will increase by \$967,537 in the 2023 - 2024 fiscal year. The increase includes:
  - a. \$712,606 in additional staffing as noted in “What’s New” (salary only).
  - b. Step and Column Increase of \$565,000 (estimate).
  - c. Decrease of \$559,228 in one-time payments of \$2,000 to TTEA members made in 2022 - 2023.
  - d. Decrease of \$65,200 in one-time payments to certificated administrators made in 2022 – 2023.
  - e. Remaining \$249,000 attributed to restoration of special education vacancies and temporary assignment increases.
2. **Classified Salaries:** These expenditures include all non-certificated district support staff to include district office personnel, bus drivers, maintenance and custodial staff, site support staff, instructional aids, classified management, and others. Classified salaries increased by \$1,309,582 in 2023 - 2024. Although there were some minor staffing changes within the classified ranks much of this increase is due to:
  - a. \$154,427 in additional staffing as noted in “What’s New” (salary only).
  - b. \$247,000 estimate for step and column.
  - c. Decrease of \$229,000 in classified support staff extra duty and overtime.
  - d. Increase of \$1,578,311 for restoration of vacancy savings realized in 2022 - 2023 for Custodians, Bus Drivers, Special Education Instructional Assistants, Campus Monitors, and Yard Duties.
  - e. Decrease of \$386,956 for \$2,000 one-time payments made to classified staff in 2022 - 2023.
  - f. Decrease of \$54,200 for \$2,000 one-time payments made to classified management and confidential staff in 2022 - 2023.
3. **Employee Benefits:** This expenditure area includes all payments relating to payroll taxes (social security, unemployment insurance, Medicare, etc.), retirement plans (i.e., CalPERS, CalSTRS), and health and welfare benefits. The rates for payroll taxes are determined by the State and Federal Government. The rates for CalPERS and CalSTRS are determined each year by the individual retirement plans. The Governor’s Budget proposal includes a CalSTRS rate of 19.10%. The CalPERS rate has been set at 26.68% an additional 1.31% over the 2022 - 2023 rate. The health and welfare benefit caps for all employees are: \$9,078 annually for employee only, \$10,506



annually for employee plus one, and \$14,382 annually for employees plus family. In 2023 - 2024, employee benefits have increased approximately \$1,975,821. The increase is due to the following:

- a. CalPERS increases: The estimated costs for the 1.31% CalPERS rate increase is approximately \$192,444.
  - b. Increase of \$144,920 to recognize the State's CalSTRS on-behalf contributions.
  - c. The remaining variance is a result of additional payroll liabilities and health and welfare benefits from the increases in certificated and classified salaries, added positions, and recapture of 2022 - 2023 vacancies.
4. **Books and Supplies:** The 2023 - 2024 budget for materials and supplies shows an overall increase of approximately \$615,460 when compared to 2022 - 2023 estimated actuals. Some of the major budget changes in this category are:
- a. Increase of \$76,199 in site operations funds due to accounting reclassification from other expenditure categories.
  - b. Decrease of \$49,348 in safety expenditures due to accounting reclassification from other expenditure categories.
  - c. Increase of \$254,467 in ESSER III carryover and accounting adjustments.
  - d. Decrease of \$85,000 in staff computer replacements and network infrastructure.
  - e. Increase of \$56,000 in custodial equipment and instructional technology replacements.
  - f. Increase of \$100,000 for instructional materials.
  - g. Increase of \$203,613 for Title I carryover. These funds may be reclassified into other expenditure categories throughout the year.
  - h. Increase of \$35,768 for Title II carryover. These funds may be reclassified into other expenditure categories throughout the year.
  - i. Increase of \$46,622 for materials and supplies funded from the A-G Access grant carryover.
  - j. Increase of \$10,000 for musical instruments.
  - k. Increase of \$40,552 from donations carryover.
  - l. Increase of \$37,436 in Measure AA expenditures.
  - m. Miscellaneous accounting re-classifications carryover of other programs.
5. **Services and Other Operating Expenditures:** This category includes expenditures for professional services, legal counsel, utilities, repairs, and service contracts. Overall, there is a decrease of \$1,038,831 in services and operating expenditures. Changes to the 2023 - 2024 budget include:
- a. Reduction of \$94,320 for technology license renewals.
  - b. Increase of \$56,000 for security camera installation.
  - c. \$130,313 decrease in athletics contracted transportation services.
  - d. Decrease of \$218,000 for District salary study and Strategic Plan.
  - e. Decrease of \$125,000 in legal fees.
  - f. Decrease of \$1,173,531 in snow removal services.
  - g. \$33,155 decrease in site operational allocations due to reclassification of expenditure categories.

- h. \$91,348 increase in contributions for Placer County School Resource Officer and safety programs.
  - i. \$27,584 decrease in lottery expenditures from reduction in instructional licenses and reclassification into other expenditure categories.
  - j. \$41,674 increase in Title II carryover.
  - k. \$716,983 increase for the Expanded Learning Opportunity Program.
  - l. \$157,823 decrease in ESSER III expenditures.
  - m. \$19,095 decrease in A-G grant services.
  - n. \$67,000 decrease in Special Education contracted services.
  - o. \$74,941 decrease in one-time Special Education funds.
  - p. \$25,000 increase in Routine Restricted Maintenance expenditures from reclassification into other expenditure categories.
  - q. Increase of \$72,134 in donations carryover.
  - r. \$73,000 increase in utilities.
  - s. \$200,000 increase for professional development through Educator Effectiveness funding.
  - t. Decrease of \$172,700 in temporary custodial staffing.
  - u. The remaining balance consists of miscellaneous re-allocations of funding to other expenditure categories.
6. **Capital Outlay:** All building and capital improvements as well as large equipment purchases are within this category. We expect a increase of \$1,395,348 in capital outlay in 2023 - 2024.
- a. Decrease of \$224,000 in technology upgrades made in 2022 - 2023.
  - b. Increase of \$25,000 for general equipment purchases.
  - c. Increase of \$1,403,822 for the purchase of four (4) electric buses and one (1) low emissions bus.
  - d. Increase of \$168,969 to fund portions of 1) cooling projects for multiple food service kitchens and the portables at Truckee Elementary School and 2) Truckee High School roof replacements. This is funded by RDA pass-through funding.
7. **Other Outgo:** This category combines debt service payments and indirect costs (allowable transfers from restricted programs to the unrestricted general fund for providing administrative services). The 2023 - 2024 budget includes \$202,310 in expenditures in this category, a decrease of \$25,000. This category also includes out of State tuition payments to Washoe County of \$100,000 and charges for special education services provided by Placer County Office of Education (PCOE).
8. **Other Financing Sources/Uses:** This category includes transfers (or contributions) from the unrestricted general fund to programs in other funds such as pre-school, food service and the STEPP program. These expenditures are expected to increase by approximately \$62,016. This is attributed to increased contributions to the Food Service Program.
9. **Contributions:** These are the contributions from the unrestricted general fund to restricted general fund programs such as special education and maintenance. There is an increase to contributions in the amount of \$1,747,549 in 2023 - 2024 compared to the 2022 - 2023 estimated actuals. This is

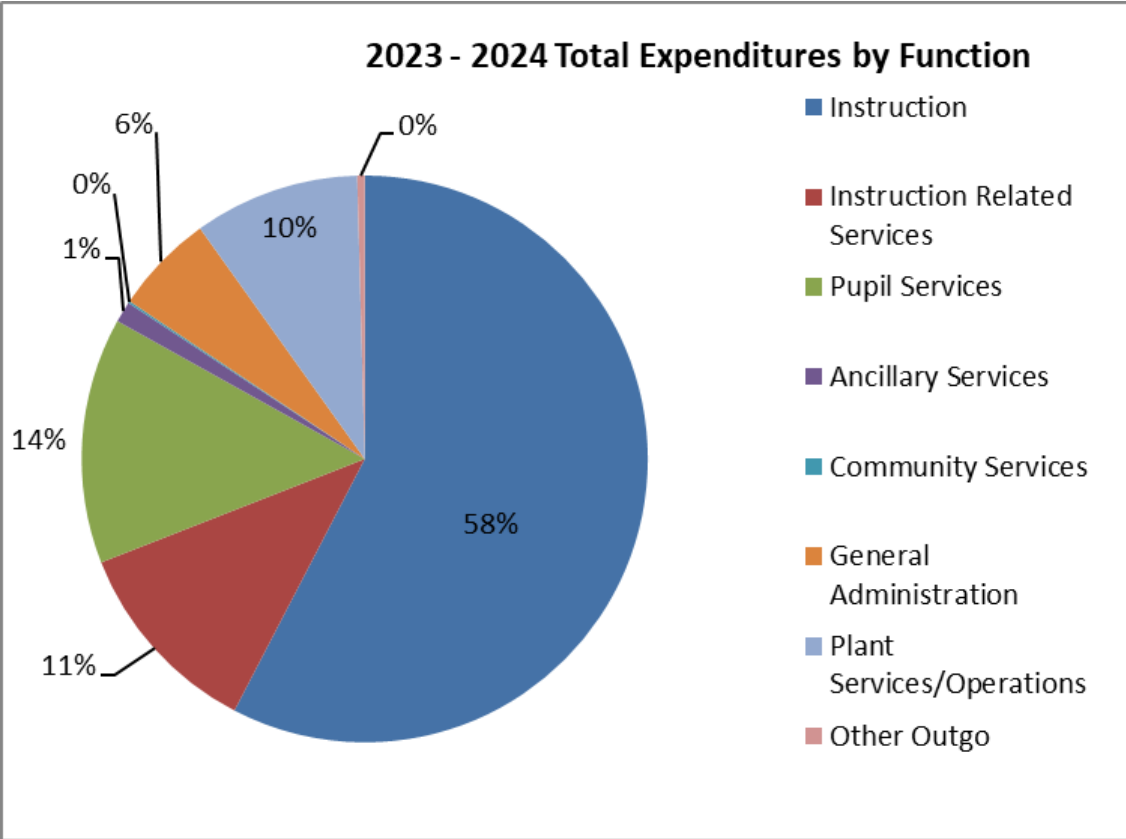
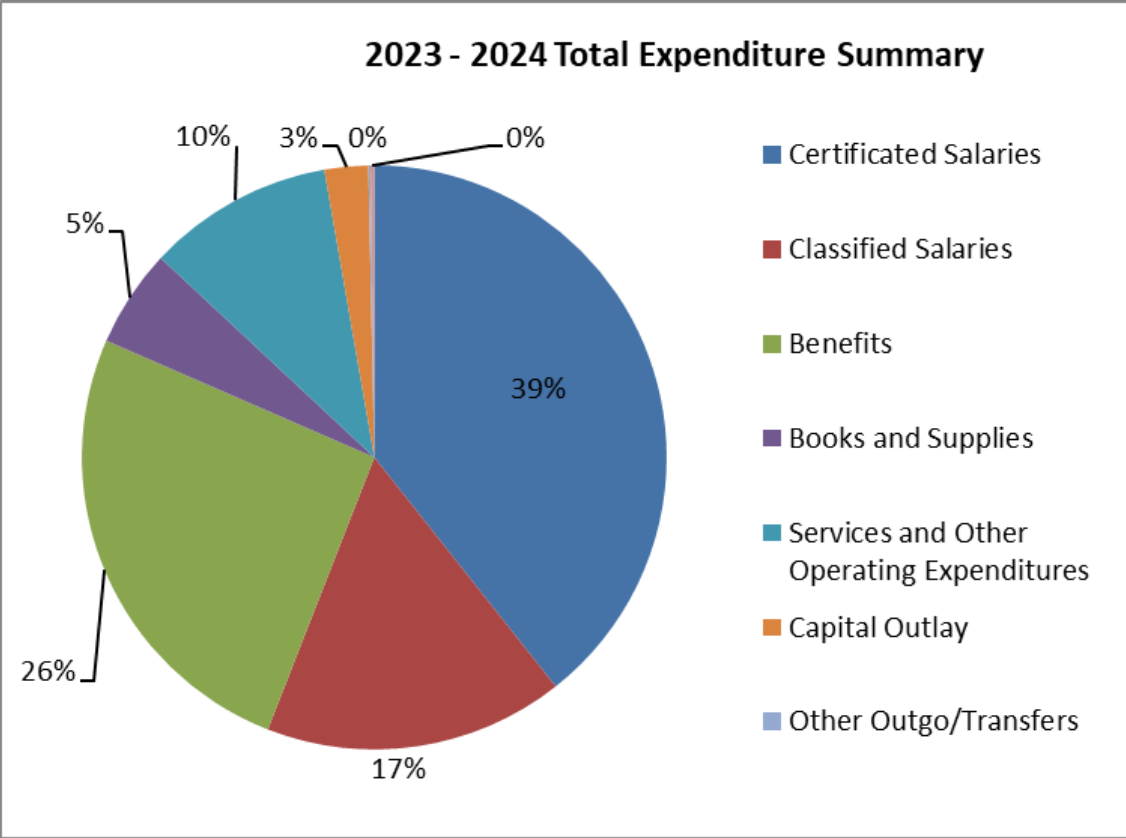
due to increased staffing and salaries in the special education program including the restoration of vacancies from 2022-2023. The Special Education Contribution is partially offset by revenue increases. In addition, we have increased the contribution to the Routine Restricted Maintenance Account by \$276,000 and are contributing an additional \$161,537 to Measure AA to sustain classroom programs.

The table below summarizes the expenditures for 2022 - 2023 estimated actuals and the 2023 - 2024 proposed budget.

**2023 - 2024 Proposed Budget  
Unrestricted and Restricted Expenditures**

| <b>Expenditures</b>                       | <b>2022 - 2023<br/>45 Day Revise</b> | <b>2022 - 2023<br/>Est. Actuals</b> | <b>2023 - 2024<br/>Proposed<br/>Budget</b> | <b>Variance of<br/>Proposed Budget<br/>&amp; Est. Actuals</b> |
|---|--------------------------------------|-------------------------------------|--|---|
| Certificated Salaries                     | \$ 33,431,615                        | \$ 35,725,838                       | \$ 36,693,375                              | \$ 967,537  |
| Classified Salaries                       | \$ 14,459,141                        | \$ 14,163,569                       | \$ 15,473,151                              | \$ 1,309,582  |
| Benefits                                  | \$ 23,228,464                        | \$ 21,911,683                       | \$ 23,887,504                              | \$ 1,975,821  |
| Books and Supplies                        | \$ 4,558,225                         | \$ 4,431,200                        | \$ 5,046,600                               | \$ 615,400  |
| Services and Other Operating Expenditures | \$ 7,294,757                         | \$ 10,647,801                       | \$ 9,608,970                               | \$ (1,038,831)  |
| Capital Outlay                            | \$ 547,361                           | \$ 860,511                          | \$ 2,255,859                               | \$ 1,395,348  |
| Other Outgo                               | \$ 395,812                           | \$ 227,310                          | \$ 202,310                                 | \$ (25,000)   |
| Transfers of Indirect Cost                | \$ (147,986)                         | \$ (107,547)                        | \$ (96,834)                                | \$ 10,713   |
| Other Financing Sources                   | \$ 867,806                           | \$ 133,792                          | \$ 195,808                                 | \$ 62,016   |
| Contributions                             | \$ -                                 | \$ -                                | \$ -                                       | \$ -  |
| <b>Total Expenditures</b>                 | <b>\$ 84,635,195</b>                 | <b>\$ 87,994,157</b>                | <b>\$ 93,266,743</b>                       | <b>\$ 5,272,586</b>   |

The charts on the next page illustrate how the district spends its money, both by category and by function.



## **Education Protection Account (Proposition 55) Requirement**

Proposition 55 requires that the use of EPA funds be determined by the governing board at an open public meeting. It is the opinion of the California Department of Education that this can be incorporated into the annual budget adoption. EPA revenues and expenditures are included in the 2023 - 2024 Proposed Budget. All EPA funds will be used exclusively to cover teacher salaries. An expenditure plan has been included in the section following the narrative.

## **Fund Balance and Reserves**

Board Policy 3100 establishes a minimum reserve for the district:

*Recognizing the unique status of the district as a basic aid district and that ending balance is a one-time funding source, the district will maintain a reserve for economic uncertainty greater than the minimum required by law.*

*Based upon recommendations of the Governmental Accounting Standards Board, Government Finance Officers Association, California Department of Education's Standardized Account Code Structure (SACS) forum, and the Placer County Office of Education the District shall maintain a reserve for economic uncertainty that falls between a range of 10% and 16%. These measurements are a percentage of current year budgeted expenditures of the general fund. At no time should the minimum reserve for economic uncertainty fall below 10%. If this occurs the School Board shall direct the Superintendent Chief Learning Officer or designee to make plans to replenish the reserve for economic uncertainty within two fiscal years.*

*The School Board shall have discretion as to the use of the reserve for economic uncertainty, and as a part of the approval of the annual budget shall review this policy.*

Board Policy No. 3100 effectively establishes a target minimum REU of 10.0% and an acceptable range of 10.0% to 16.0%. The projected Reserve for Economic Uncertainties (REU) is \$14,671,679 in 2023 - 2024 which represents 15.73% of total budgeted expenditures and other outgo. In addition to this reserve, there are estimated ending fund balances of \$7,136,854 in "Restricted" and \$1,300,760 in "Other Assigned" designations. The other assigned designation includes \$757,458 in the board designated instructional materials reserve fund, \$46,209 in the technology replacement reserve, \$249,871 in the bus replacement fund, and \$129,322 in MAA. The REU increases by approximately \$1,442,444,810 from 2022 - 2023 estimated actuals due to increased revenues exceeding expenditures. The components of fund balance for 2022 - 2023 and 2023 - 2024 are shown in the table on the next page.

| <b>Fund Balance</b>  | <b>2022 - 2023<br/>45 Day Revise<br/>(Adjusted for UA)</b> | <b>2022 - 2023<br/>Est. Actuals</b> | <b>2023 - 2024<br/>Proposed Budget</b> |
|--|--|-------------------------------------|--|
| Restricted   | \$ 11,519,333  | \$ 8,913,673                        | \$ 7,136,854                           |
| Unrestricted   |  |                                     |  |
| Reserve for Economic Uncertainty and Basic Aid                         | \$ 16,357,890  | \$ 13,229,235                       | \$ 14,671,679                          |
| Reserve for Cash, Stores and Prepaid Expense                           | \$ 60,000  | \$ 113,402                          | \$ 60,000                              |
| Designated<br>(Inst. Materials Reserve, MAA, Bus and Tech<br>Reserves) | \$ 1,735,227   | \$ 1,798,928                        | \$ 1,300,760                           |
| Undesignated   | \$ -   | \$ -                                | \$ -                                   |
| <b>Unrestricted Subtotal</b>   | <b>\$ 18,153,117</b>                                       | <b>\$ 15,141,565</b>                | <b>\$ 16,032,439</b>                   |
| <b>Total Ending Balance</b>  | <b>\$ 29,672,450</b>                                       | <b>\$ 24,055,238</b>                | <b>\$ 23,169,293</b>                   |
| <b>Reserve for Economic Uncertainty and Basic Aid</b>                  | <b>19.33%</b>  | <b>15.03%</b>                       | <b>15.73%</b>                          |

## Multi-Year Projections

As a requirement of AB 1200, school districts are required to prepare a multi-year projection that includes the current fiscal year as well as the two subsequent fiscal years. Districts are required to show that they can meet their financial obligations in all three years while maintaining the state mandated reserve for economic uncertainty. The multi-year projection is a planning tool that allows districts ample time to make changes if fiscal insolvency appears in the horizon. The multi-year projection (Form MYP) for 2023 - 2024 documents that the District will be able to meet its financial obligations in all three years. Some of the major assumptions used in the multi-year projections are as follows:

### 1. Revenue

- Property Tax increases of 3.25% in 2024 - 2025 and 2.75% in 2025 - 2026.
- Increase to charter school in-lieu tax payment of \$85,955 in 2024 – 2025 and \$74,550 in 2025 - 2026.
- Mandated Block grant ongoing.
- No one-time discretionary funding from the State.
- COLA increases of 2.0 % in 2024 - 2025 and 2025 - 2026 on “Other State Revenues” and local special education funding.
- Education Protection Account (Prop 30) Funding continues in all years.
- Forest Reserve funding in all out years.
- Measure AA parcel tax funding relatively flat in out years.
- Contribution to Deferred Maintenance of \$200,000 ongoing.
- Annual contribution to facilities program financing of \$250,000 ongoing.
- Increase of \$200,000 in local Special Education funding in 2024 – 2025 and beyond.
- Increase of \$100,000 ongoing for Home to School Transportation reimbursement starting in 2024 - 2025.

## 2. Expenditures

- a. No salary increases included.
- b. Annual Step and Column increases of 1.8% for certificated staff and 2.2% for classified staff.
- c. CalSTRS Employer contribution rates at 19.10% in all out years.
- d. CalPERS Employer contribution rates at 27.7% in 2024 - 2025 and 28.3% in 2025 - 2026.
- e. Site operational funding included in all years.
- f. Removal of additional Temporary Classified staff funded by LREBG in 2025 - 2026.
- g. Transfer TOSA coaches from LREBG to Unrestricted General Fund in 2025 – 2026.
- h. Bus Replacement in all years.
- i. Annual Chromebook replacement of \$309,000 in all years.
- j. Attrition reductions of \$125,000 annually.
- k. EPA funds used for teacher salaries in all years.
- l. CTEIG funding of \$261,000 in out years.
- m. Contributions of \$1,012,778 in 2024 – 2025 and \$1,084,075 in 2025 – 2026 to Measure AA programs.
- n. \$200,000 instructional materials adoption in 2024 – 2025 and \$250,000 in 2025 – 2026.
- o. 2% annual increases in unrestricted materials and supplies purchases and services and other operating expenditures.
- p. Additional 2.0 FTE TK Teachers in 2024 – 2025 and 2025 – 2026.
- q. Additional 2.5 FTE and 3.0 FTE TK Instructional Assistants in 2024 – 2025 and 2025 – 2026.

The projection of multi-year ending fund balances is shown below.

### 2023 - 2024 TTUSD Proposed Budget Multi-Year Projection Ending Fund Balances

| Fund Balance   | 2022 - 2023<br>Est. Actuals | 2023 - 2024<br>Projected | 2024 - 2025<br>Projected | 2025 - 2026<br>Projected |
|--|-----------------------------|--------------------------|--------------------------|--------------------------|
| Restricted   | \$ 8,913,673                | \$ 7,136,854             | \$ 5,502,968             | \$ 5,316,551             |
| Unrestricted   |                             |                          |                          |                          |
| Reserve for Economic Uncertainty and Basic Aid                         | \$ 13,229,235               | \$ 14,671,679            | \$ 15,983,687            | \$ 17,136,140            |
| Reserve for Cash, Stores and Prepaid Expense                           | \$ 113,402                  | \$ 60,000                | \$ 60,000                | \$ 60,000                |
| Designated<br>(Inst. Materials Reserve, MAA, Bus and Tech<br>Reserves) | \$ 1,798,928                | \$ 1,300,760             | \$ 1,198,168             | \$ 1,096,082             |
| Undesignated   | \$ -                        | \$ -                     | \$ -                     | \$ -                     |
| <b>Unrestricted Subtotal</b>   | <b>\$ 15,141,565</b>        | <b>\$ 16,032,439</b>     | <b>\$ 17,241,855</b>     | <b>\$ 18,292,222</b>     |
| <b>Total Ending Balance</b>  | <b>\$ 24,055,238</b>        | <b>\$ 23,169,293</b>     | <b>\$ 22,744,823</b>     | <b>\$ 23,608,773</b>     |
| <b>Reserve for Economic Uncertainty and Basic Aid</b>                  | <b>15.03%</b>               | <b>15.73%</b>            | <b>17.20%</b>            | <b>18.28%</b>            |

## New Reserve Requirement

In accordance with Education Code 42127, beginning in the 2015–16 fiscal year, 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 public hearing, provide all of the following for public review and discussion:

- (i) The minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.
- (ii) 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.
- (iii) A statement of reasons that substantiates the need for an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties for each fiscal year that the school district identifies an assigned and unassigned ending fund balance that is in excess of the minimum recommended reserve for economic uncertainties.

The excess reserves for 2023 - 2024 and the two subsequent fiscal years are as follows:

|  | 2023 - 2024          | 2024 - 2025          | 2025 - 2026          |
|--|----------------------|----------------------|----------------------|
| Assigned and Unassigned Ending Fund Balances                           | \$ 16,032,439        | \$ 17,241,855        | \$ 18,292,222        |
| Minimum Recommended Reserve<br>(3% of Total General Fund Expenditures) | \$ 2,798,002         | \$ 2,787,969         | \$ 2,811,959         |
| <b>Excess of Minimum Reserves</b>                                      | <b>\$ 13,234,437</b> | <b>\$ 14,453,886</b> | <b>\$ 15,480,262</b> |

The District feels it is necessary to maintain a reserve range of 10-16 % of total general fund expenditures which are in excess of the 3% minimum required reserve level. The excess reserves are needed for the following reasons:

- 1) Protection from property tax declines. The majority of TTUSD revenue is comprised of local property taxes. Property values are vulnerable during economic downturns which can result in large decreases of property tax revenues for the district.
- 2) To address increased staffing as a result of enrollment growth.
- 3) Increased liability for employer contributions for CalSTRS and CalPERS.
- 4) Purchasing large equipment vital to educational program (e.g., buses, custodial equipment, CTE equipment, etc.).
- 5) Maintaining a high credit rating which results in lower interest cost to taxpayers for long term debt.
- 6) Maintaining positive cash balances and eliminating the need to borrow funds.
- 7) Protection from potential future State education cuts directed at Basic Aid Districts (e.g., Basic



Aid Fair Share).

- 8) School facilities maintenance and improvements.
- 9) Instructional materials adoptions to implement California Common Core State Standards.

## **Other Funds**

The district utilizes several other funds in the course of its operations. These funds are separate from the main general operating fund (Fund 01-Genral Fund).

- A. Fund 11 (Adult Education Fund) - The District has received funding from the Adult Education Block Grant through the Sierra Joint Consortium for Adult Education and the federal Workforce Innovation and Opportunity Act. This funding is used to support adult education, workforce training, and testing for adults pursuing a GED. The District plans to spend \$124,875 in 2023 - 2024.
- B. Fund 12 (Child Development Fund) - This fund is used for our State pre-school program as well as the STEPP program. A total of \$934,865 is budgeted for program expenditures in 2023 - 2024.
- C. Fund 13 (Cafeteria Fund) - This fund is used to perform all transactions pertaining to the food service program. The District anticipates \$2,726,082 in total program expenditures.
- D. Fund 14 (Deferred Maintenance) - This fund is used for large scale building repair and component replacement. The District continues to contribute \$200,000 to this fund. The 2023 - 2024 includes a total of \$781,387 in expenditures for roof replacement of the Truckee High School Cafeteria and Pool Building.
- E. Fund 21 (Building Fund) - This fund is reserved for capital improvements funded by the 2019 COPS. The District has budgeted \$5,409,022 for project expenditures in 2022 – 2023 for improvements at North Tahoe Middle and High Schools, electric charging infrastructure at the Transportation building, and air conditioning installation for the Truckee Elementary School portable classroom and five Food Service kitchens.
- F. Fund 25 (Capital Facilities Fund) - This fund is restricted for fees collected by developers. The fees are used to perform growth related facilities projects around the district. The District estimates that we will collect \$2.3 Million in fees in 2023 - 2024. We have budgeted \$3,585,851 to convert the Truckee High School pool building to and indoor field space and for the administration of developer fees, planning, and State School Facilities Program eligibility analysis and application processing. It also includes \$2.2 Million in debt service payments for the 2019 COP.