



Regular and Virtual School Board Meeting
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Twin Rivers Unified School District
5115 Dudley Blvd., Bay A, McClellan Park, CA
95652
<https://bit.ly/TRUSDYouTube>

ITEM : I.18. ADOPT 2023-24 Adopted Budget

Quick Summary / Abstract

Prior to July 1st of each fiscal year, the Board of Trustees must approve an operating budget. The public hearing was held at the June 13, 2023 Board Meeting.

Attached is the 2023-24 Adopted Budget utilizing the State required forms along with the District's internal budget documents. The Superintendent recommends that the Board of Trustees adopt the 2023-24 Adopted Budget.

Contact persons: Ryan DiGiulio, Chief Business Official, Phone: (916) 566-1600 ext. 31258, Ryan.DiGiulio@trusd.net or Kate Ingersoll, Executive Director Fiscal Services, Phone: (916) 566-1600 ext. 31112, Kate.Ingersoll@trusd.net

Rationale

Prior to July 1st of each fiscal year, the Board of Trustees must approve an operating budget. The public hearing was held at the June 13, 2023, Board Meeting.

Attached is the 2023-24 Adopted Budget utilizing the State required forms. The District's internal budget documents are also included. The following forms and documents are included for review and approval:

1. District Certification
2. Worker's Compensation Certification
3. Executive Summary and Internal Budget Documents for all Funds
4. Budget Reserves
5. Budget, July 1 - by Fund
6. Cash Flow Projection
7. Average Daily Attendance
8. Multiyear Projection - General Fund
9. Summary of Interfund Activities
10. Criteria and Standards Review - General Fund

The Superintendent recommends that the Board of Trustees adopt the 2023-24 Adopted Budget.

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Supporting Documents

[TRUSD 2023-24 Adopted Budget](#)

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2023-24
Adopted Budget
EXECUTIVE SUMMARY

The District is required to adopt a budget prior to July 1 of each year in order to authorize the expenditure of funds. Since the preparation of this budget occurs before the State's final action, and before actual expenditures are known for the current year, estimates of proposed revenues and expenditures are based on the most current assumptions and information available at the time of the preparation. The budget is a dynamic document which will change as the assumptions and estimates used to develop it change.

On May 12, 2023, the Governor presented the May Revision of the proposed state budget for 2023-24. The proposal includes 8.22% statutory cost-of-living adjustment (COLA) to the Local Control Funding Formula (LCFF), as well as to Special Education, Child Nutrition, State Preschool, Mandate Block Grant and Foster Youth programs. The final State budget should be approved by the end of June. Any changes from the May Revision will be included in our First Interim Budget revision (any material changes will require a 45-day budget revision).

The General Fund expenditures are greater than revenues by \$6.2 million. The deficit spending is all in the restricted programs using one-time carryover funds of \$10.2 million. The District has enough of an ending fund balance to meet Board Policy intent to maintain a minimum reserve of economic uncertainties equal to at least two months of the general fund payroll expenditures (\$41 million) or 10% of the general fund expenditures and other financing sources (\$52.8 million).

The District does not have a structural deficit in either of the projection years. The 2024-25 deficit is from the use of one-time carryover funds and facility projects. Please see multiyear projections for additional information on subsequent budget years.

Local Control and Accountability Plan (LCAP)

The 2013 Budget Act established the Local Control Funding Formula (LCFF) which expands local control and ensures that student needs drive the allocation of resources. The funding also includes increased transparency and accountability by the use of the Local Control Accountability Plan (LCAP). School districts are required to develop, adopt, and annually update a three-year LCAP, using the California State Board of Education's adopted template. The LCAP is required to identify goals and measure progress for student subgroups across multiple performance indicators. Additionally, the regulations require school districts "to increase and improve" services for targeted students (by way of supplemental and concentration grant funding within the LCFF). With the District's high percentage of targeted students, the regulations provide authority for school districts to spend funds "school-wide" when significant populations of those students attend a school. The budget is aligned with the District's LCAP.

Reserve Cap Triggered

The school district reserve cap (SB 751) was triggered for the first time beginning with the 2022-23 Adopted Budget and continues for 2023-24. Assigned and unassigned reserves in the General Fund Adopted budget and revised budgets cannot be more than 10% of the expenditures. Committed reserves are not included in the 10% reserve cap calculation. Twin Rivers utilizes Board Policy 3100 Budget and committed reserves for specific purposes by a Resolution adopted by the Board.

One-Time Savings

One-time savings along with additional positions continue with the use of COVID and Block Grant funds. Some position reductions and loss of savings occur in the following two years with the majority occurring in 2026-27 and 2027-28. The 2023-24 budget includes \$13.5 million in positions and \$3.8 million in services to be eliminated and/or shifted to unrestricted funds.

General Fund – Budget Assumptions

BEGINNING FUND BALANCE

The beginning fund balance is estimated to be \$140,531,336 with \$70.6 million unrestricted and \$69.9 million restricted. The actual 2023-24 beginning fund balance will be updated at First Interim (after the 2022-23 financial records are closed).

REVENUE ASSUMPTIONS

The Local Control Funding Formula (LCFF) consists of base (including add-ons), supplemental and concentration funds that primarily focus resources based on a school district's student demographics. Each school district receives the same per pupil base amount by grade span: K-3, 4-6, 7-8, and 9-12. Supplemental and concentration funds are based on the unduplicated number of English Learners, students eligible for free and reduced meals, and foster youth students.

- The LCFF Sources (major assumptions):
 - Average Daily Attendance (ADA) “funded” utilizes the 3-year average declining enrollment calculation; 20,505 ADA (includes 80 ADA for SCOE classes)
 - The “funded” ADA decrease is 712 ADA (the prior year also used the 3-year average ADA)
 - The declining enrollment calculation softens and delays a portion of the revenue reduction to the following year after the actual ADA decline (which now affects the current year)
 - Actual ADA is estimated at 20,436 (includes 80 ADA for SCOE classes)
 - An increase of 581 ADA from the actual prior year ADA
 - District Charter ADA is estimated at 2,051
 - Attendance Yield – 92.5%
 - Much lower than prior to COVID:
 - 2018-19 attendance yield = 94.39%
 - Estimated Unduplicated Pupil Percentage (3 year rolling average):
 - Twin Rivers – 90.51%
 - Creative Connections Arts Academy – 77.04%
 - Smythe Academy of Arts & Science – 92.67%
 - Westside Preparatory – 76.28%
 - Add-ons for transportation, TIIBG and TK = \$11,906,122

- o Cost of Living Adjustment (COLA) = 8.22%
- o Property taxes are estimated at 2022-23 P2 levels
- o Education Protection Account (EPA) is estimated at \$88.9 million (the LCFF revenue is reduced by this amount) and will be used on salaries and benefits for instruction

The LCFF sources are as follows:

	Base	S/C	Additional Concentration	Total
TRUSD	\$238.6 mil	\$81.3 mil	\$12.1 mil	\$332 mil
CCAA	\$7.16 mil	\$1.89 mil	\$240 thousand	\$9.29 mil
Smythe	\$10.57 mil	\$3.81 mil	\$560 thousand	\$14.94 mil
WPCS	\$4.14 mil	\$1.07 mil	\$140 thousand	\$5.35 mil
TOTAL	\$260.47 mil	\$88.07 mil	\$13.04 mil	\$361.58 mil

- Federal Revenue includes the reduction of prior year carryover funds including but limited to Title I (\$9 million) and ESSER (\$25 million). There will be unearned revenue carryover; revenues and expenditures will be budgeted at First Interim after the 2022-23 financial records are closed and the actual amounts are known.
- Other State Revenue includes the reduction of the two one-time block grants (\$54 million) and various other one-time funds. Special Education increases \$4.8 million. The significant State revenues include Expanded Learning Opportunity Program (\$28.4 million), Special Education (\$27.3 million), Lottery (\$5.3 million), ASES (\$5.1 million), Mental Health (\$1.9 million), and on-behalf CalSTRS contribution (\$13.7 million).

Effective with the close of the books for 2014-15, the state's contribution to CalSTRS on-behalf of district employees must be recorded in the district's SACS financial records. The entry to recognize the state's contribution accounts for both the revenue and expenditure of the financial assistance and, thus, there is no impact to the bottom line.

- Other Local Revenue includes the reduction of various one-time donations and grants of about \$5.5 million. The significant reduction is the one-time CalSHAPE grant for \$5 million. The largest revenue sources are interest income for \$1.5 million and MOUs with our independent charter schools for \$4.8 million for facility use and required administrative support services.
- Transfers In include the annual rent from Adult Education.
- Contributions from unrestricted to restricted programs is \$47.6 million for the Special Education and Routine Restricted Maintenance programs.

EXPENDITURE ASSUMPTIONS

- Certificated salaries and benefits reflect current position control. Position control includes a 1.20% increase for step/column and a 5% salary schedule increase.
- Classified salaries and benefits reflect current position control. Position control includes a 2.20% increase for step and a 5% salary schedule increase.

- Payroll driven benefit expenditures are budgeted at the following rates:
 - STRS – 19.10%
 - PERS – 27.00% (+1.63%)
 - UI – 0.05% (-0.45%)
 - OASDI – 6.20%
 - MC – 1.45%
 - WC – 1.576%
- We included \$4.7 million of 2022-23 categorical carryover expenditures. We balanced the categorical entitlements so that the current year revenues equal the expenditures.
- The Routine Restricted Maintenance Account (RRMA) is projected at \$13.7 million. Education Code Section 17070.75(b)(2)(A) requires 3% of total general fund expenditures less STRS On-behalf and Federal COVID funds.
- Encumbrance carryovers and one-time budgets are eliminated.
- Books and Supplies decrease \$14 million; the decrease is all in restricted funds due to the elimination of carryover budgets and one-time budgets (mostly ESSER and Title I funds).
- Services and Other Operating Expenditures decrease \$13 million; the decrease is all in restricted funds due to the elimination of carryover budgets and one-time budgets (mostly ESSER and Title I funds).
- Capital Outlay decreases \$15.3 million; the decrease is all in restricted funds due to the elimination of one-time budgets (mostly ESSER funds).
- Other Outgo decrease is mostly restricted and is mainly for SCOE special education programs.
- Interfund Transfers Out are budgeted at \$10 million from Supplemental/Concentration to Fund 14 for high needs facility projects, annual \$1,775,000 to Fund 14 for deferred maintenance, \$16 million for ENEC school project and \$26 million to Fund 40 towards the Board approved facility projects.

ENDING FUND BALANCE

The ending fund balance of \$134,297,431 is reported within the following classifications:

- Nonspendable - revolving cash and stores inventory is estimated at \$1,769,400.
- Restricted – legally restricted categorical programs are \$59,739,258
- Committed - \$20,660,502
 - \$4,000,000 - Board Resolution for technology
 - \$10,000,000 - Board Resolution for HVAC
 - \$6,660,502 – Board Resolution for Employee Recruitment and Retention
- Assigned – for department and program carryover of \$4,613,411
- Unassigned –
 - \$47,514,860 Reserve for Economic Uncertainty (8.99% of expenditures)
Board Policy intent to maintain a minimum reserve of economic uncertainties equal to at least two months of the general fund payroll expenditures (\$41 million) or 10% of the general fund expenditures and other financing sources.
 - \$0 Unappropriated

Other Funds – Budget Assumptions

STUDENT ACTIVITY SPECIAL REVENUE FUND

The beginning fund balance is estimated at \$513,997.

Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, established criteria for identifying and reporting fiduciary activities for all state and local governments, effective the 2020-21 fiscal year. May 2021 the Board approved the establishment of the Student Activity Special Revenue Fund (Fund 08) to account for Associated Student Body (ASB) funds. The budget is estimated at the same level as the prior year.

The projected ending fund balance is \$513,997 and restricted for the associated student body (ASB).

ADULT EDUCATION FUND

The beginning fund balance is estimated at \$1,712,130.

Revenue from Federal categorical programs are budgeted at approximately 75% of the prior years' awards and one-time carryover is removed. Actual award and carryover amounts will be known and reflected at First Interim.

Other State Revenue represents the California Adult Education Program (CAEP) in the amount of \$3.4 million to run the Adult Education programs for English as a Second Language (ESL), high school completion, pre-apprenticeship and Career Technical Education (CTE) classes. CalWORKS funds are provided by the Department of Social Services for education and training and is projected at \$115,565. The STRS on-behalf contribution for district employees is projected to be \$93,717. The revenue contribution has a corresponding STRS expenditure for the same amount; there is no impact to the bottom line of the finances.

There is no Other Local Revenue for student fees; fees for adult education classes have not been charged since January 1, 2016. Interest is budgeted at \$7,263.

Certificated and classified salaries and benefits reflect current position control which includes step/column increases, 5% salary increase, PERS increases and the STRS on-behalf of district employees. Salaries and benefits have been budgeted for extra duty that may be needed to teach ESL and HSC classes not budgeted through position control. A decrease in Refugee grant funding reflects a decrease to the variable pay for classified salaries. We anticipate to be notified in September of increased Refugee funding which would then allow for additional variable time/pay towards the program.

Books and Supplies and Services and Other Operating expenditures include all amounts needed to operate the program as well as IT technology fees, rent for facilities and indirect costs. Other Operating expenditures have been adjusted to reflect the changes in appropriations in Federal programs including the reduction of purchases of online instructional programs and the issuance of supportive services to Refugee clients.

The projected ending fund balance is projected at \$1,205,184.

CHILD DEVELOPMENT FUND

The beginning fund balance is estimated at \$982,291.

Federal Revenue is budgeted at the following anticipated award amounts: Head Start at

\$2,514,136, Early Head Start at \$1,119,412, Head Start Training & Technical Assistance at \$29,642 and General Child Care and Development Program (CCTR) at \$11,431. Any carryover amounts will be known and reflected at First Interim.

Other State revenue includes CCTR, the California State Preschool program (CSPP) and the pre-Kindergarten and Family Literacy Program Support program (CPKS); projected State Preschool revenues total \$7,220,187. Other State Revenue also includes QRIS funds of \$79,911 and IEEEEP funds of \$290,990. Actual award amounts will be known and reflected at First Interim along with any carryover amounts. The STRS on-behalf for district employees is projected to be \$271,129. The revenue contribution has a corresponding STRS expenditure for the same amount; there is no impact to the bottom line of the finances.

Other Local Revenue includes the First Five program funded at \$461,583 and interest income of \$5,000.

Certificated and classified salaries and benefits reflect current position control which includes step/column increases, 5% salary increase, PERS increases and STRS contribution on-behalf of district employees.

Books and Supplies and Services and Other Operating Expenditures include all amounts needed to operate the program and have been adjusted to reflect the changes in appropriations of Federal and State funded programs.

The projected ending fund balance of \$987,291 is restricted and can only be used with State approval.

CAFETERIA FUND

The beginning fund balance is estimated at \$8,817,879.

Federal revenues increase slightly at 0.4%. The federal programs include the Child Nutrition Breakfast & Lunch, Child Care Food, Sumner Food and the Fresh Fruits and Vegetable programs. The State revenue only program is the Child Nutrition Breakfast & Lunch with a decrease of 1.4%. The combined federal and state reimbursement rates for the Child Nutrition and Breakfast program remain at \$3.565 for breakfast and \$5.325 for lunch. Other Local revenue is half the amount at \$105,000 for the non-program revenue for ala carte.

Salaries and benefits reflect current position control which includes step increases, 5% salary increase, and PERS increases. Open positions savings and variable payroll costs to fill site and program needs were evaluated and adjusted accordingly.

Food is the largest operating expense after staffing. The estimated cost for food reflects an increase of 2.5% due to supply chain issues and inflation. Supplies have also increased for a total increase of 5.1% for food and supplies.

Services and Other Operating costs increase 20% due to the increase in professional service rates.

Equipment costs reflect a decrease due to one-time purchases in the prior year utilizing the federal kitchen infrastructure grant. There is a new Kitchen Infrastructure grant to help support equipment needs in the General Fund.

The indirect cost is calculated using the approved CDE rate of 5.06% and excludes food costs and capital outlay in the calculated formula to reflect the CDE requirements.

The projected ending fund balance of \$9,618,431 is restricted for the use of nutrition services.

DEFERRED MAINTENANCE FUND

The beginning fund balance is estimated at \$2,112,325.

The LCFF Sources from the General Fund in the amount of \$1,775,000 is now accounted for as an Interfund Transfer In from the General Fund.

Other Local Revenue represents interest income.

Interfund Transfers In are \$11,775,000 million from the General Fund with \$10 million from Supplemental/Concentration funds for high needs facility projects.

Expenditures are budgeted based on the District's Facilities Master Plan.

The ending fund balance is projected at \$0. Actual carryover amounts will be known after the prior year financial records are closed and reflected at First Interim.

SPECIAL RESERVE FUND FOR POSTEMPLOYMENT BENEFITS

The beginning fund balance is estimated at \$6,630,410.

Interest income is budgeted under Other Local Revenue.

The ending fund balance is projected at \$6,696,410 and is assigned for future postemployment benefits.

BUILDING FUND

The beginning fund balance is estimated at \$77,898,758.

Interest income is budgeted under Other Local Revenue.

Expenditures reflect voter approved bond projects for Measure J and Measure K and the continued administrative fees from previous bonds.

The ending fund balance is projected at \$14,838 and is to be used for future bond administrative fees.

CAPITAL FACILITIES - DEVELOPER FEE FUND

The beginning fund balance is estimated at \$36,771,803.

Other Local Revenue includes estimated calculations for redevelopment and developer fees.

Expenditures are budgeted to reflect current known projects including funds toward the future Northlake area school.

The ending fund balance is projected at \$2,168,033 and is restricted for capital facilities.

COUNTY SCHOOL FACILITIES FUND

The beginning fund balance is estimated at \$14,000,702.

Other Local Revenue is for interest income.

Expenditures are budgeted based on modernization projects submitted to the state and are

included in the District's Facilities Master Plan.

The ending fund balance is projected at \$700 and is restricted for modernization projects.

SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS

The beginning fund balance is estimated at \$42,226,229.

Other Local Revenue includes tower leases, interest income and MOU with Gateway Community Charter (GCC) for maintenance of Ben Ali site location.

Interfund Transfers In of \$42 million is from the General Fund (\$17.3 million is one-time COVID savings) for the East Natomas school project of \$16 million and Board approved facility projects of \$26 million.

Expenditures are budgeted for a school in the Northlake area, a school in the East Natomas area and other Board approved facility projects.

The ending fund balance is projected at \$39,047,720 to be used for future facility projects (\$6.6 million is for Northlake area school).