M. 6. ADOPT 2026-2027 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 16, 2026 Board Meeting.

Attached is the 2026-2027 Adopted Budget utilizing the State required forms. The District's internal budget documents are also included. The 2026-2027 Adopted Budget includes the following forms and documents:

1. District Certification
2. Workers' 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 the adoption of the 2026-2027 Adopted Budget. Contact persons: Kate Ingersoll, Executive Director Fiscal Services, kate.ingersoll@trusd.net, (916) 566–1600 ext. 31112 or Ryan DiGiulio, Chief Business Official, ryan.digiulio@trusd.net, (916) 566-1600 ext. 31203.

Rationale

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Supporting Documents

TRUSD 2026-2027 Adopted Budget SACS Document

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TWIN RIVERS UNIFIED SCHOOL DISTRICT
FISCAL SERVICES

2026-27
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 14, 2026, the Governor presented the May Revision of the proposed state budget for 2026-27. The proposal includes 2.87% statutory cost-of-living adjustment (COLA) plus an additional investment of 1.44% to the Local Control Funding Formula (LCFF). The COLA is applied to Special Education, Child Nutrition, Mandate Block Grant, Equity Multiplier, and Foster Youth programs. The Governor's May Revision also contains an additional $2.3 billion of ongoing funding to increase the special education base rate from the current rate of $917 per funded ADA to $1,340 per funded ADA. 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 $23.7 million. The district does not have a structural deficit; $24.7 million of the deficit spending is restricted categorical programs spending down one-time carryover funds which puts the unrestricted at a positive $1 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 ($49 million) or 10% of the general fund expenditures and other financing sources ($59.1).

The district does not have a structural deficit in either of the projection years. The 2027-28 and 2028-29 deficits are from the use of one-time categorical carryover funds. 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.

One-Time Savings

One-time savings along with additional positions continue with the use of Block Grant funds. Loss of savings for positions and services shifting to unrestricted general funds equates to $4.3 million in 2028-29.

General Fund – Budget Assumptions

BEGINNING FUND BALANCE

The beginning fund balance is estimated to be $122,823,498 with $60.3 million unrestricted and $62.5 million restricted. The actual 2026-27 beginning fund balance will be updated at First Interim (after the 2025-26 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" and Actual are projected to be the same for this year. ADA is estimated at 21,243 (includes 64 ADA for SCOE classes)
        - A small increase from the actual prior year and "funded" ADA
    - District Charter ADA is estimated at 2,237
    - Attendance Yield – 92.1%
        - Lower than prior to COVID:
            - 2018-19 attendance yield = 94.39%
    - Estimated Unduplicated Pupil Percentage (3 year rolling average):
        - Twin Rivers – 90.19%
        - Creative Connections Arts Academy – 78.61%
        - Smythe Academy of Arts & Science – 93.11%
        - Westside Preparatory – 82.72%
    - Add-ons for transportation, TIIBG and TK = $15,156,976
    - Cost of Living Adjustment (COLA) = 2.30%
    - Additional investment = 1.44%
    - Property taxes are estimated at a slight increase over 2025-26
    - Education Protection Account (EPA) is estimated at $68.9 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	$268.5 mil	$90.3 mil	$13.4 mil	$372.2 mil
CCAA	$9.4 mil	$2.6 mil	$334 thousand	$12.3 mil
Smythe	$11.2 mil	$4.1 mil	$588 thousand	$15.9 mil
WPCS	$4.7 mil	$1.4 mil	$195 thousand	$6.3 mil
TOTAL	**$293.8 mil**	**$98.4 mil**	**$14.5 mil**	**$406.7 mil**

- Federal Revenue includes the reduction of prior year carryover funds. There will be unearned revenue carryover into 2026-27; revenues and expenditures will be budgeted at First Interim after the 2025-26 financial records are closed and the actual amounts are known.

- Other State Revenue includes the reduction of one-time and carryover funds of $6 million. The significant 2026-27 State revenues include Special Education ($40 million), Expanded Learning Opportunity Program ($32.6 million), Lottery ($6.3 million), ASES ($5.7 million), Transportation ($5.4 million), Art & Music in Schools ($3.3 million), Mental Health ($2.0 million), Early Intervention Preschool ($1.3 million), Mandate Block Grant ($1.1 million), and CalSTRS on-behalf contribution ($18.0 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, grants, interest income and revenue from independent charter schools of $7.7 million. The largest reduction in the CalSHAPE grant of $4.3 million. The largest revenue sources for 2026-27 are interest income for $5.0 million and MOUs with our independent charter schools for $2.2 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 $63.6 million for the Special Education and Routine Restricted Maintenance programs.

<u>EXPENDITURE ASSUMPTIONS</u>

- Certificated salaries and benefits reflect current position control. Position control includes a 1.45% increase for step/column, 3% salary schedule increase and a health contribution increase. All other increased costs from the April Board approved TRUE bargaining agreement are incorporated in the budget. With the ADA increase there are 5 additional base teachers.

- Classified salaries and benefits reflect current position control. Position control includes a 1.85% increase for step, 3% salary schedule increase and a health contribution increase. The increase also includes three additional paraeducators for the additional TK classes.

- Health benefit contributions increased. Payroll driven benefit expenditures are budgeted at the following rates:
  - STRS – 19.10%
  - PERS – 26.40%
  - UI – 0.05%
  - OASDI – 6.20%
  - MC – 1.45%
  - WC – 1.875%

- The Routine Restricted Maintenance Account (RRMA) is projected at $17 million. Education Code Section 17070.75(b)(2)(A) requires 3% of total general fund expenditures less STRS On-behalf.

- We included $24.7 million of 2025-26 categorical carryover expenditures. All other encumbrance carryovers and one-time budgets are eliminated.

- Books and Supplies increase $7.0 million; the increase is mostly in restricted categorical carryover funds and $1.9 million unrestricted for instructional textbook adoptions.

- Services and Other Operating Expenditures decrease $27.5 million; $3 million is unrestricted and $24.5 million is restricted funds. The unrestricted reduction is $1.9 of various other one-time items. The restricted reductions are due to the elimination of carryover budgets and one-time budgets (mostly AMIS, ELOP, Clean Mobility in Schools, CalSHAPE and Medi-Cal funds).

- Capital Outlay increases $700 thousand; the increase is in restricted categorical funds.

- Other Outgo increases $700 thousand; mostly for payments to SCOE for student education programs.

- Interfund Transfers Out are budgeted at $5.8 million; $1,775,000 to Fund 14 for deferred maintenance and $4 million to Fund 40 towards Board approved facility projects.

ENDING FUND BALANCE

The ending fund balance of $99,118,565 is reported within the following classifications:

- Nonspendable - revolving cash and stores inventory is estimated at $2,440,737
- Restricted – legally restricted categorical programs are $37,815,141
- Committed - $0
- Assigned – for department and program carryover of $837,700
- Unassigned –
    - $58,024,986 Reserve for Economic Uncertainty (9.82% 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 ($49 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 $608,387.

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 $1,350,000 for both revenues and expenditures.

The projected ending fund balance is $608,387 and restricted for the associated student body (ASB).

ADULT EDUCATION FUND

The beginning fund balance is estimated at $572,004.

Revenue from Federal categorical programs are reduced with the assumption of a 50% reduction to the Refugee grant. 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 $3.8 million to run the Adult Education programs for English as a Second Language (ESL), high school completion (HSC), pre-apprenticeship and Career Technical Education (CTE) classes.

State revenue is projected based on the new state funding formula for Adult Education. CalWORKS funds are projected at $100 thousand. The STRS on-behalf contribution for district employees is projected to be $122 thousand. 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 $42 thousand.

Certificated and classified salaries and benefits reflect current position control which includes step/column increases, 3% salary increase and health benefit contribution increases. Additional to position control, salaries and benefits have been budgeted for extra duty that may be needed to teach ESL and HSC classes. A decrease in Refugee grant funding reflects a decrease to the variable pay for classified salaries. We anticipate to be notified in September of the new Refugee funding which would then allow for additional variable time/pay towards the program. Any updates will be reflected in the First Interim budget.

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 reduced to reflect the changes in Federal program revenues 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 $416,833.

CHILD DEVELOPMENT FUND

The beginning fund balance is estimated at $4,950,382.

Federal Revenue is budgeted at the following anticipated award amounts: Head Start at $2.3 million, Early Head Start at $963 thousand, Head Start Training & Technical Assistance at $29 thousand and General Child Care and Development Program (CCTR) at $8 thousand. 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 $7.7 million. 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 $307 thousand. 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 $100 thousand, interest income of $300 thousand, and parent fees of $20 thousand.

Certificated and classified salaries and benefits reflect current position control which includes step/column increases, 3% salary increase and health benefit contribution increases.

Books and Supplies and Services and Other Operating Expenditures include all amounts needed to operate the program. Budgets have been reduced for one-time items using prior year carryover funds.

The projected ending fund balance of $5,000,382 is restricted and can only be used with State approval.

CAFETERIA FUND

The beginning fund balance is estimated at $15,584,061.

Federal revenues decrease slightly at 1.0%. The federal programs include the Child Nutrition Breakfast & Lunch, Child Care Food, Summer Food and the Fresh Fruits and Vegetable programs. The reduction is due to an anticipated slight reduction to participation based on recent participation trends. The program is actively focusing on strategies to s strengthen and increase student engagement moving forward. The State revenue's only program is the Child Nutrition Breakfast & Lunch. The combined federal and state reimbursement rates for the Child Nutrition and Breakfast program are budgeted at the prior year amounts; $3.9415 for breakfast and $5.7115 for lunch. Other Local revenue is $289 thousand for the non-program revenue for ala carte and interest income.

Salaries and benefits reflect current position control which includes step increases, 3% salary increase and health benefit contribution increases. Open positions savings and variable payroll costs to fill site and program needs were evaluated and adjusted in an effort to manage personnel costs effectively while maintaining operations needs and service standards.

Food is the largest operating expense after staffing. Food costs are projected to increase slightly due to higher/inflation prices. Supplies have decreased significantly for one-time purchases of small inventory items purchased in the prior year.

Services and Other Operating costs are expected to remain generally consistent. The CACFP (Supper) program and its associated vended meal costs continue to be stable.

Capital Outlay equipment costs are reduced significantly as most items have been purchased over the last couple of years.

The indirect cost is calculated using the approved CDE rate of 6.38% and excludes food costs and capital outlay in the calculated formula to reflect the CDE requirements.

The projected ending fund balance of $13,233,019 is restricted for the use of nutrition services.

DEFERRED MAINTENANCE FUND

The beginning fund balance is estimated at $100,015.

Other Local Revenue represents interest income.

Interfund Transfers In are $1,775,000 million from the General Fund for deferred maintenance.

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 $7,638,771.

Interest income is budgeted under Other Local Revenue.

The ending fund balance is projected at $7,838,771 and is assigned for future postemployment benefits.

BUILDING FUND

The beginning fund balance is estimated at $44,954,657.

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 $194,951 and is restricted to be used for future facility projects.

CAPITAL FACILITIES - DEVELOPER FEE FUND

The beginning fund balance is estimated at $11,634,066.

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

Expenditures are budgeted to reflect current and future anticipated projects.

The ending fund balance is projected at $388,126 and is restricted for the use of facility projects.

COUNTY SCHOOL FACILITIES FUND

The beginning fund balance is estimated at $1,000,003.

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 $0.

SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS

The beginning fund balance is estimated at $54,515,256.

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 $4 million is from the General Fund for Board approved facility projects.

Expenditures are budgeted for Board approved facility projects.

The ending fund balance is projected at $11,574,501 to be used for future facility projects.