

# 2023-24 YEAR-END FINANCIAL REPORT

November 14, 2024

# WHAT DRIVES FUNDING ISSUES FOR SCHOOL DISTRICTS

- Enrollment fluctuations – Tacoma is in line with projections but still a slight decline from prior year
- Inflation and escalated costs continue
  - Nutrition - increase cost of food items, reimbursement rates not able to keep up with costs
  - Benefits are more costly
  - Tacoma places a high value on employees and uses a market driven package to support competitive salaries and wages
- Legislative agenda is critical for Tacoma – Federal and State Impacts are unknown
  - Transportation Costs – McKinney Vento students, route efficiency, antiquated funding model
  - Special Education – Per student costs far exceed state’s allocation, more students are funded but at the same low rate and costs aren’t fully covered
  - Basic Education Prototypical Model – the state’s allocation model only covers about 66% of the costs of staff that they allocate to districts
  - Limits local levy collections

## 2023-24 YEAR END UPDATE GENERAL FUND

- Revenues –100.4% of budget
- Expenditures –101.2% of budget
- Fund Balance Reserves –2%
- Required Reserves – 5% or \$27,443,369
- Reserve Variance –3% or \$16,325,212

	2023-24 Budget	2023-24 Year End Actuals	Variance
Beginning Fund Balance	\$29,298,928	\$ 17,243,053	\$ (12,055,875)
Plus Revenues	\$552,327,748	\$554,594,405	\$ 2,266,657
Less Expenditures	\$554,285,289	\$560,719,301	\$ (6,434,012)
Equals Ending Fund Balance	\$27,341,387	\$11,118,157	\$ (16,223,230)
Fund Balance Reserve Target		\$27,443,369	
* Fund Balance Reserve %	5.0%	2.0%	

\* Fund Balance Reserve percent calculated from Ending Fund Balance vs. adjusted Revenues (Revenues minus Other Financing Sources).

## IMPORTANCE OF FUND BALANCE

- Reserves have fallen below 5% requirement
- What are reserves used for?
  - Planned usage
  - Emergencies
  - Bond ratings
  - Extraordinary events
- Policy requires CFO and Superintendent to develop a financial action plan
  - Increase the fund balance by 1% each year in 2024-25, 2025-26 and 2026-27

	<b>Associated Student Body</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Transportation Vehicle Funds</b>
Beginning Fund Balance	\$2,200,119	\$33,533,715	\$355,196,542	\$3,030,381
Plus Revenues	\$1,881,619	\$75,260,305	\$48,814,241	\$1,187,947
Less Expenditures	\$1,780,612	\$72,773,624	\$157,107,992	\$139,082
Ending Fund Balance	\$2,301,126	\$36,020,396	\$246,902,791	\$4,079,246

2023-2024 YEAR END UPDATE  
OTHER FUNDS

# ONGOING MITIGATION AND NEXT STEPS

- Ongoing Mitigations
  - Monitoring spending to budget plans – current budget plan increases fund balance 1%
  - Continued scrutinizing of all positions
  - Mid-year position eliminations, if needed
  - Evaluate programming needs and adjust
  - Implement Lean efficiency practices – find ways to work smarter not harder
  - Monitoring financial implications at the Federal level
  - Seek Legislative assistance for full-funding in alignment with our Legislative Agenda
- Next Steps
  - Elevate fund balance to the 5% reserve requirement over coming years
  - Engage in Budgeting by Priorities process for the development of the 2025-27 budget

# PAID SICK LEAVE UPDATE

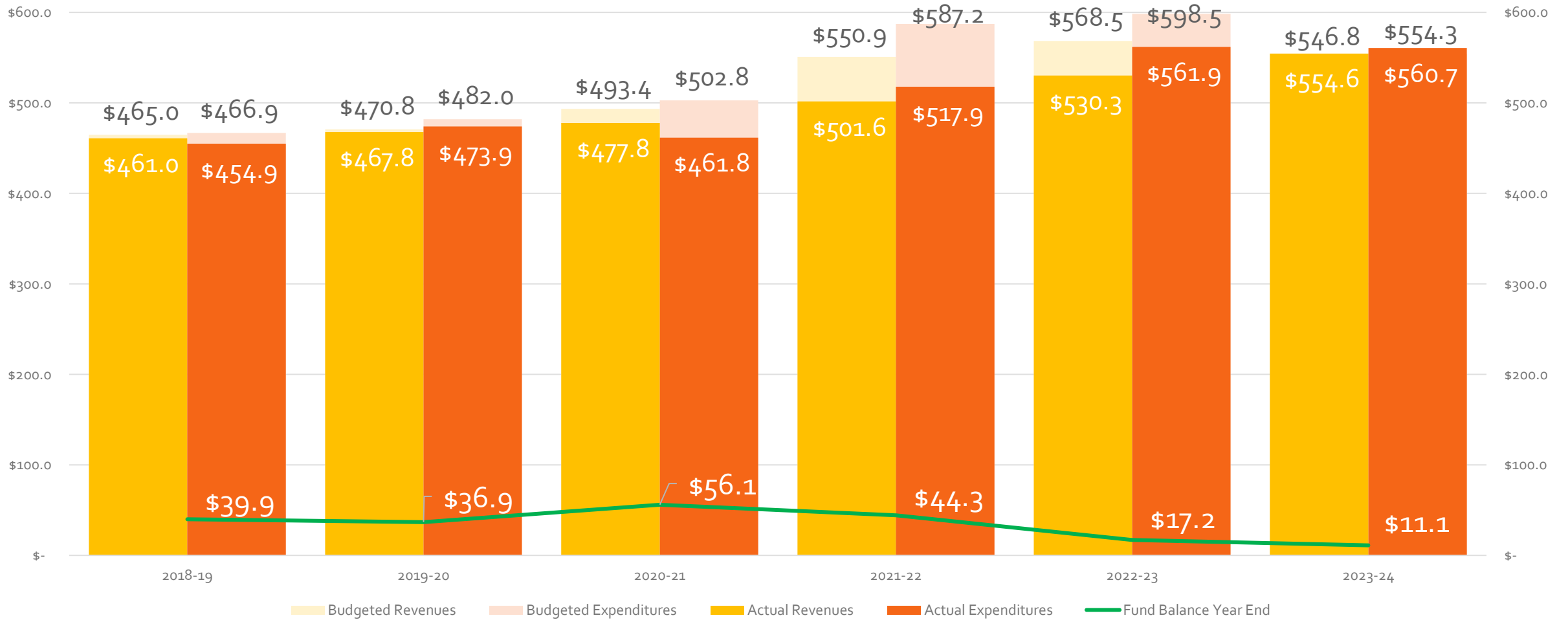
- Initiative 1433 defined the requirements initially
  - Required the district to accrue paid sick leave for all employees
  - District implemented guidelines within the parameters of the law and based on guidance from Labor and Industries Department
    - Classifications were defined by the district – in accordance with the rules at the time
      - Required and Scheduled classifications were defined to determine who could access their accrual
- Modifications are appropriate
  - Redefine who falls into required and scheduled categories
  - Determine rules around how each classification will access accrued leave
  - Communicate with various stakeholders about the changes
  - Develop the systems to account for the changes

# APPENDIX



# POLICY AND REGULATION LINKS

- Policy 6015 - Debt and Fiscal Management
  - Requires annual status report to the board of actual versus projected reserve balances
- Policy 6015.1R - Fiscal Management
  - Identifies reserve accounts targeted at 5% of revenues to economic uncertainties
  - Fund balance reserves will be reviewed annually by the Chief Financial Officer and Superintendent
  - Should reserves fall below the 5% reserve requirements, the Superintendent and Chief Financial Officer will prepare a financial plan identifying how to return fund balance reserves to their minimum amounts.
- Annual Financial Statements required by WAC 392.117.035



# HISTORICAL FINANCES