

Demystifying the
Town of Truckee
Budget Process

TOWN OF
TRUCKEE

Welcome

Purpose Build an understanding of how the Town's budget works

Objectives

- Define what a budget is
- Explain how the Town develops its budget
- Review major revenues sources and expenditures
- Explore ways the public can engage



Nicole Casey

Administrative Services Director

Who am I?



Been with the Town for 12 years



Bachelors in Environmental Studies & Economics
from University of California, Santa Cruz



Masters of Public Administration from California
State University, Dominguez Hills



Certified Public Accountant (Inactive)

What is a Budget

- A legal document approved by the Town Council
- Financial and Operating Plan of the Town
- Estimation of revenues & planned expenses for the next fiscal year

THE TWO MAIN PARTS OF A BUDGET



REVENUES



EXPENSES

The 3 Aspects of the Budget



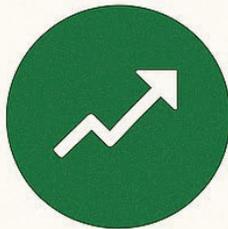
Economic Basis

Allocating resources for the best economical use



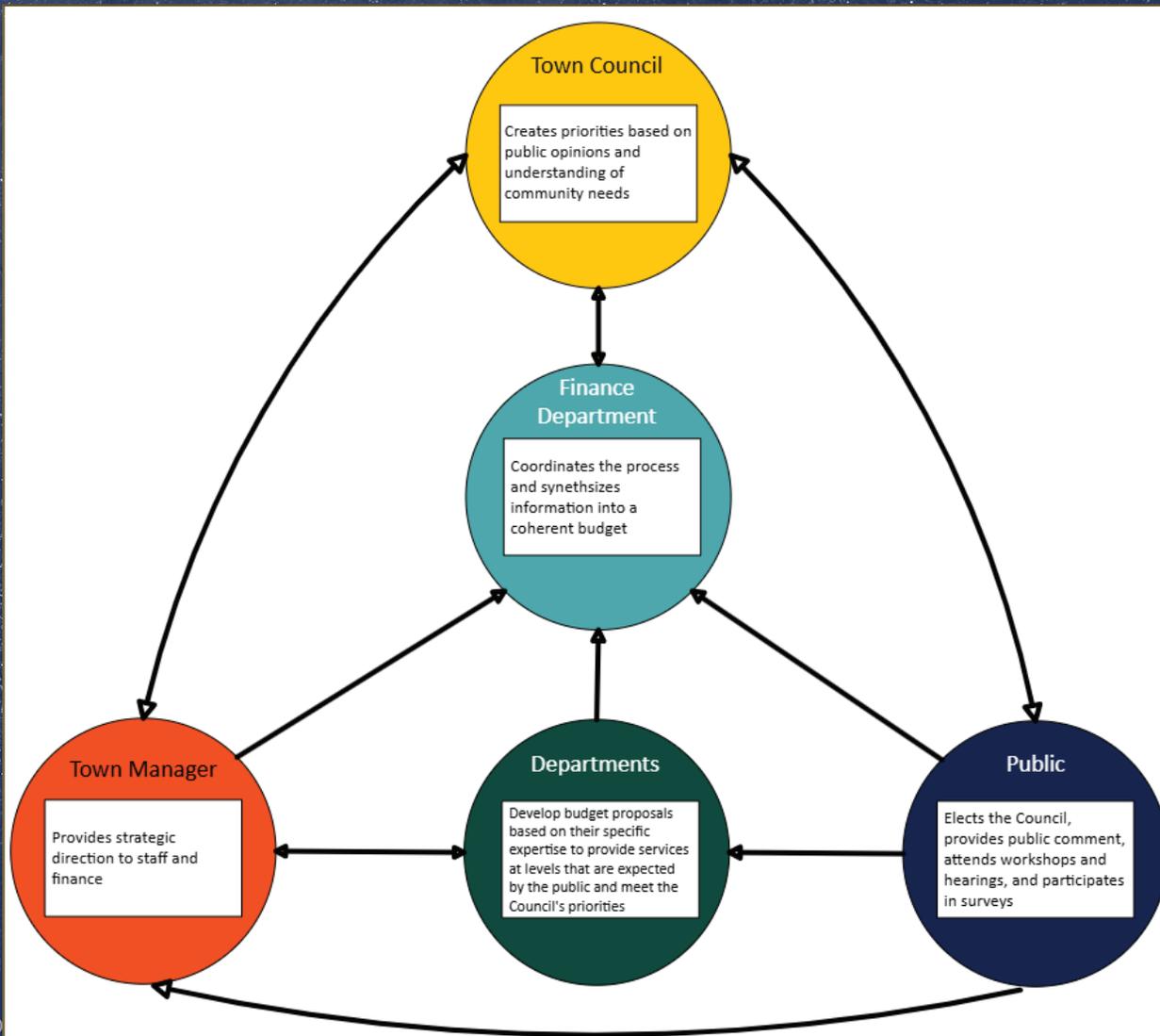
Political Basis

Balancing different interests contending over limited resources



Technical Basis

Forecasting of likely levels of revenues and expenditures



The Flow of Information

Budget Timeline



Council Priority Setting



Finance aggregates all the numbers

Initial budget review with Council – CIPs and high-level operating



Proposed budget to Council for adoption



Town staff develops two-year work plan based on Council Priorities & prepares draft operating budget

Detailed budget review meetings with Town Manager

Detail budget review w/ Council



Town Spending Philosophy

Only spend what you need

- Anti-“use it or lose it” mentality plaguing many governmental budgets (only use what we have a business necessity for)
- These unofficial savings become one-time money in the fund balance and used for CIP funding or designations

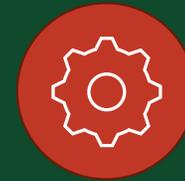
Budget Policies

- ✓ The Operating Budget will be prepared to fund current year expenditures with current year revenue
- ✓ Surplus (& savings) balances can be used to increase reserves, fund Capital Improvement Projects, or to stabilize services/fund capital outlay in the near-term
- ✓ Services will be delivered in the most cost-effective manner

Capital Projects vs Operating



- Long-term investments in infrastructure
 - Multi-year lifespans (e.g. roads, buildings, and trails)
- Studies and Action Plan Creation
 - Ex: User Fee Study, Tahoe Donner Emergency Egress Study, IDEA Action Plan
- Pilot Programs
 - Ex: TART Connect, Lease-to-Locals
- Financed through grants, reserves, or other one-time funding sources



- Ongoing, day-to-day, services of the Town
- Primarily supported by annual revenues (i.e., Property Tax, Sales Tax, & Fees)
- Recurring expenses such as
 - Salaries
 - Utilities
 - Supplies
 - Contract Services
- Operating Capital – Computers, furniture, small items more than \$5K with a lifespan longer than 1 year



Truckee
**FY 24/25 DIGITAL BUDGET
 BOOK OF DATA**

Contents PDF [Share](#)

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- > 7.0 Public Works Expenditures
- > 8.0 Community Development Expenditures
- > 9.0 Public Safety Expenditures
- > 10.0 Public Transit Expenditures
- > 11.0 Keep Truckee Green Expenditures
- > 12.0 Additional Town Programs Expenditures
- > 13.0 Redevelopment Successor Agency Expenditures
- > 14.0 Appendices - Notes on Budget Preparation
- 15.0 Signed Budget Resolution



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Cover



Town of Truckee
2024/25 Annual Operating Budget and
Five-Year Capital Improvement Project Budget
Photo by Jeremy Jensen

TOWN OF
TRUCKEE

Budget Contents

Overview

- Letter from the Town Manager
- Council Priorities
- Introduction to Truckee

Summary

- Provides Fund Balances, Revenues, & Expenses by Fund
- Several pages dedicated to the General Fund

Revenues

- Detail of revenues by Fund

Expenditures

- Details of operating expenses by division
- Description of division activities
- Divisional goals and objectives

Capital Improvement Program

- Revenues, expenses, and descriptions for each capital project

Appendices

- Detailed information about the Town's budget process and policies

High Level
Aggregated
Data

Detailed
Descriptive
Data

TOWN OF
TRUCKEE

Goal = Balanced Budget

Uses outweigh Sources =
PROBLEM

Sources are finite therefore
WE MUST PRIORITIZE

Sources

Property tax, Sales
tax, others

User Charges

Special Revenues

Grants

Uses

Council Priorities

Core Services (PW,
Building Safety, Public
Safety, etc.)

Ongoing Commitments
(e.g., Debt Service)

Infrastructure
Maintenance

Find the Balance

TOWN OF
TRUCKEE

Operating Funds

General Fund

Main Operating Fund

Funded by Property Tax, Sales Tax, TOT, etc.

Includes expense for Manager, Admin Svcs, CDD, Roads & Snow, Engineering, Facilities, Police, & more

Enterprise Funds

The Town has FOUR

Funded by User Charges sufficient to cover expenses

Building, Parking, Solid Waste and Transit

Special Revenue Funds

Ex: Measure V, Measure R/U, Traffic Impact Fees, Community Facilities District

Funded from dedicated sources such as sales tax or parcel charges

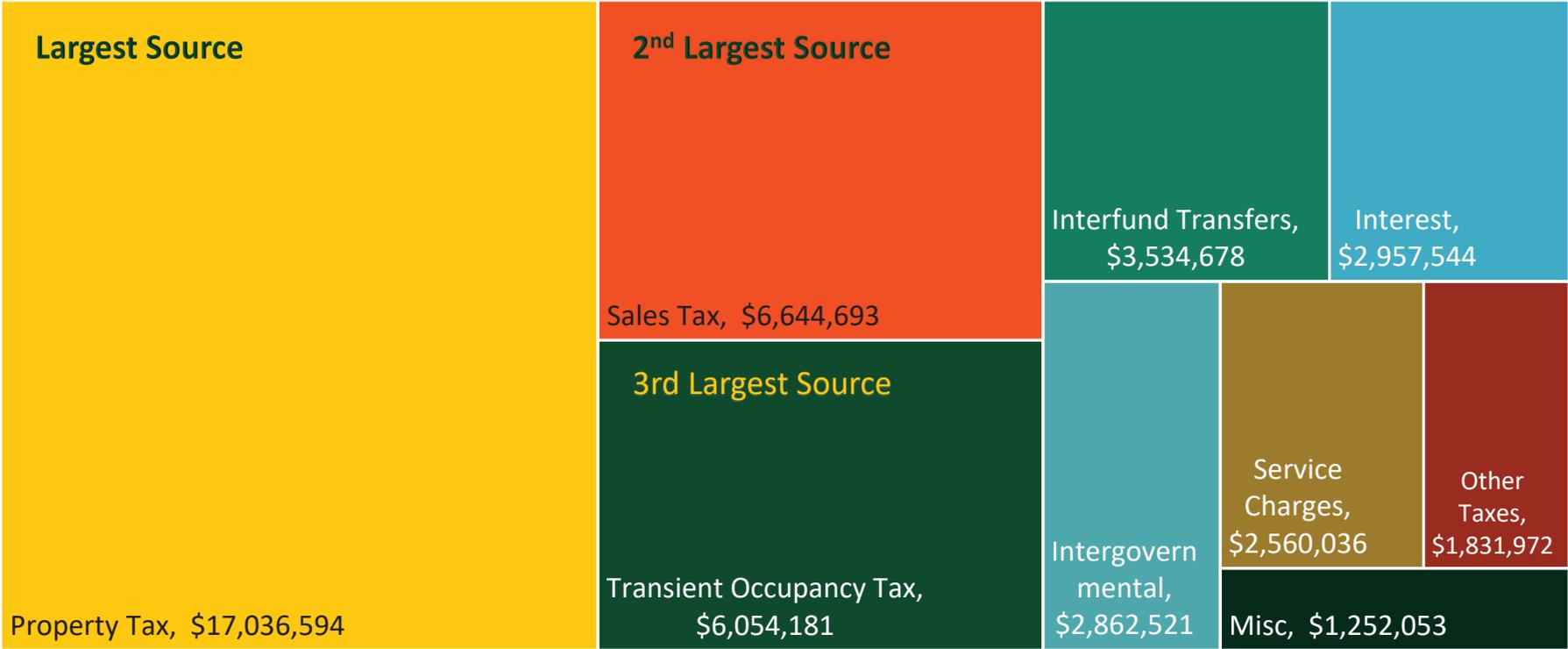
Used for capital project expense or to reimburse agreed-upon operations (Ex: Measure R reimburses Trails)

TOWN OF

BUCKEE

REVENUE

General Fund Revenues – FY23/24



Property Tax



\$600,000

X 1%

\$6,000/yr

Annual maximum
increase:

2%

(based on CPI)

FY25/26 CPI:

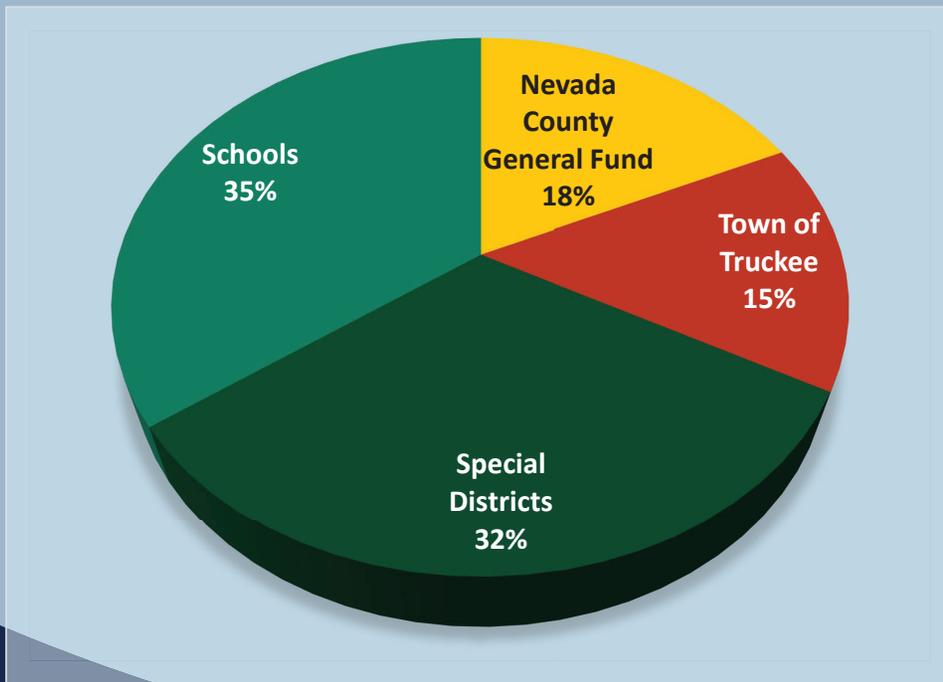
2.514%

~18 Months

Time it takes for a home sale
to hit Town's property tax
base



Property Tax – Overlapping Allocation



General Fund Property Tax
from
\$30 million
development

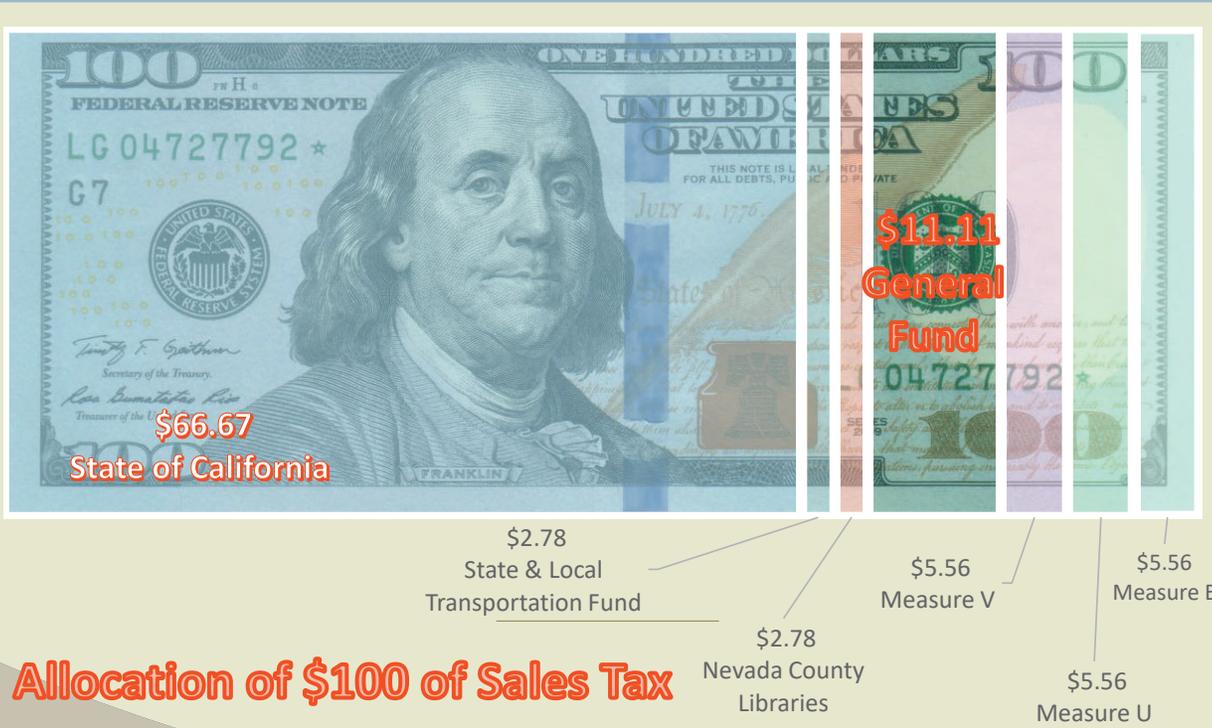
Total Property Tax
\$30 million
X 1% assessed value

\$300,000

Total General Fund Allocation
\$300,000
X 15%

\$45,000

Sales Tax

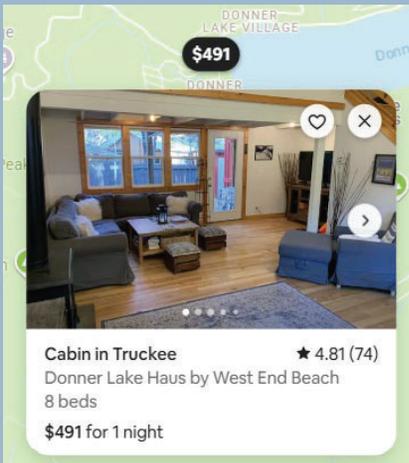


For the General Fund to get
\$6.6 million
of sales tax

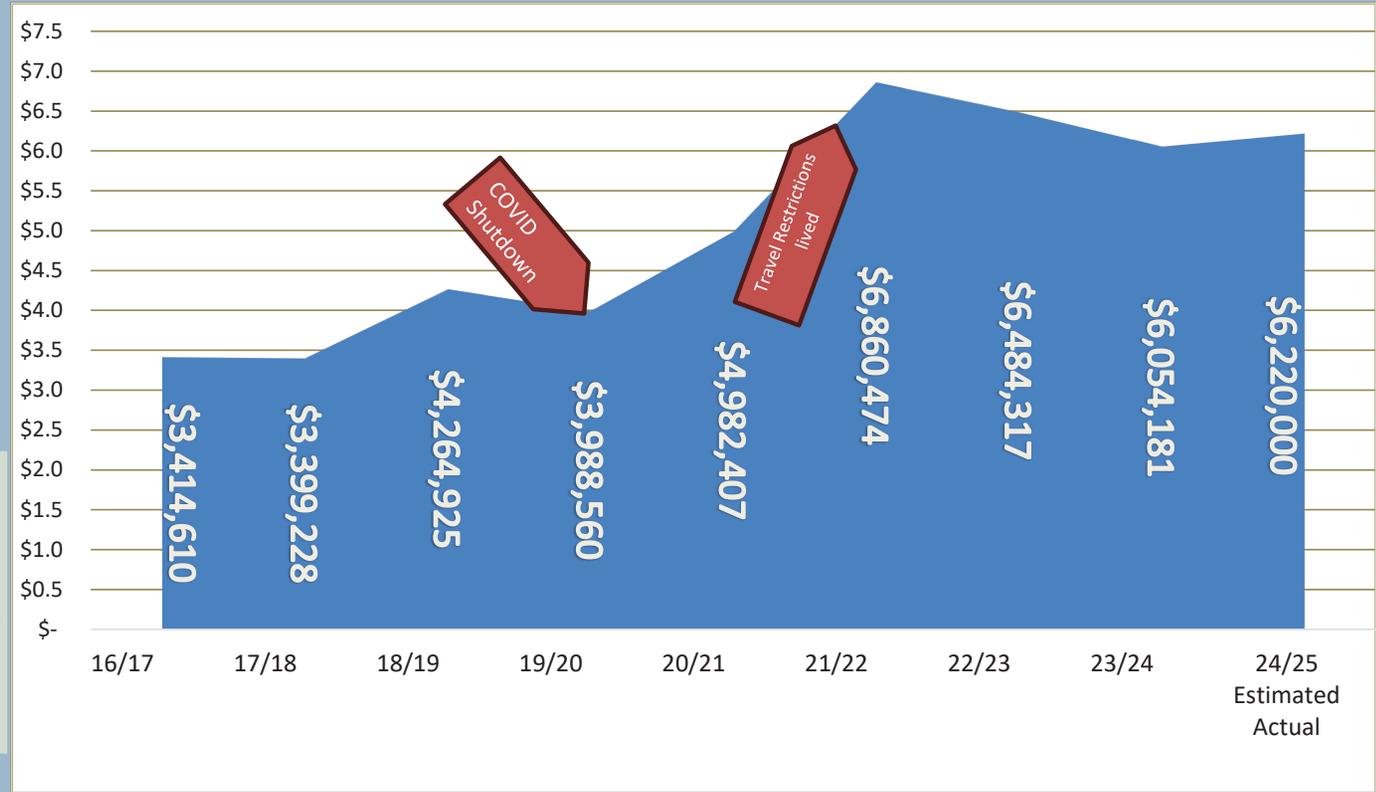
\$59.8 million
of sales tax would need to be
collected

meaning
\$725 million
of taxable goods must be sold

Transient Occupancy Tax



\$491/night
X10%
=\$49.10 of GF TOT



Special Revenue Funds



Measure E

- 0.5% Sales & Use Tax - General
- Designated by Council for Transit & Wildfire Prevention



Measure R/U

- 0.5% Sales & Use Tax - Specific
- Restricted by Vote for use on Trails Maint & Construction



Measure V

- 0.5% Sales & Use Tax - General
- Restricted by Vote for use on Road Maint & Construction



Measure K

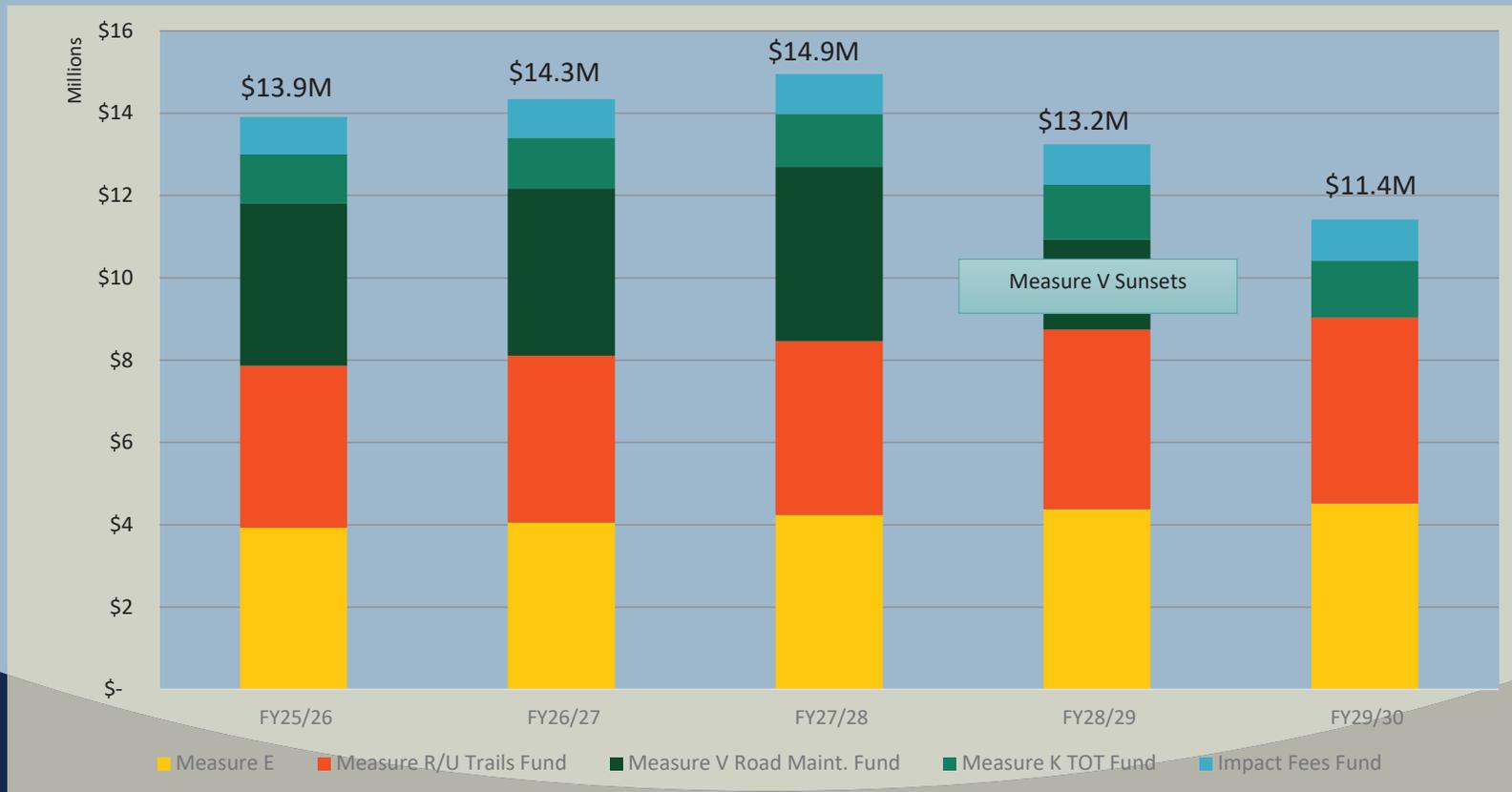
- 2% Transient Occupancy Tax
- Designated by Council for Workforce Housing



Impact Fees

- Permits & Licensing Fees on new Developments
- Restricted by law for use on Service Expansion
 - Traffic, Storm Drain, Animal, Law, & Gen Govt

Special Revenue Funds



Special Revenue Funds – Enhanced Services



Glenshire TSSA

- Parcel Charge
- Restricted for use on enhanced road maintenance in Glenshire



Tahoe Donner TSSA

- Parcel Charge
- Restricted for TD Projects – Roads, Trails, Snow removal



Brickelltown CFD

- Parcel Charge
- Restricted for Strtscape Maint & Sidewalk Snow Removal



Railyard CFD

- Parcel Charge
- Restricted for Strtscape Maint & Sidewalk Snow Removal



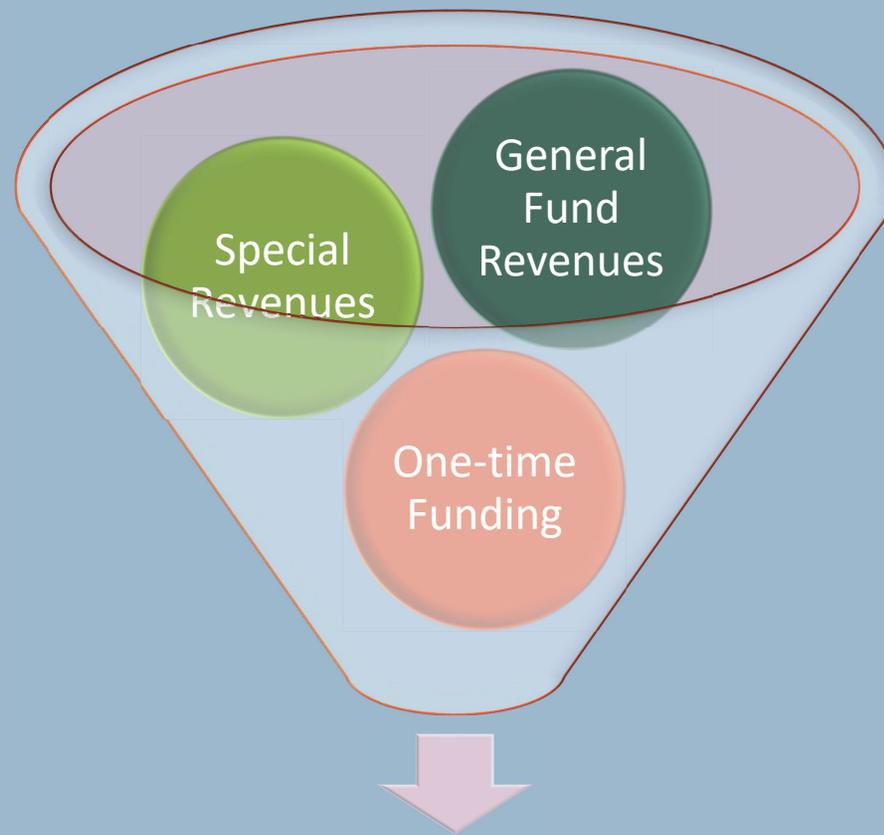
Donner Pass CFD

- Parcel Charge
- Restricted for Landscaping, Lighting & Streetscaping



West River CFD

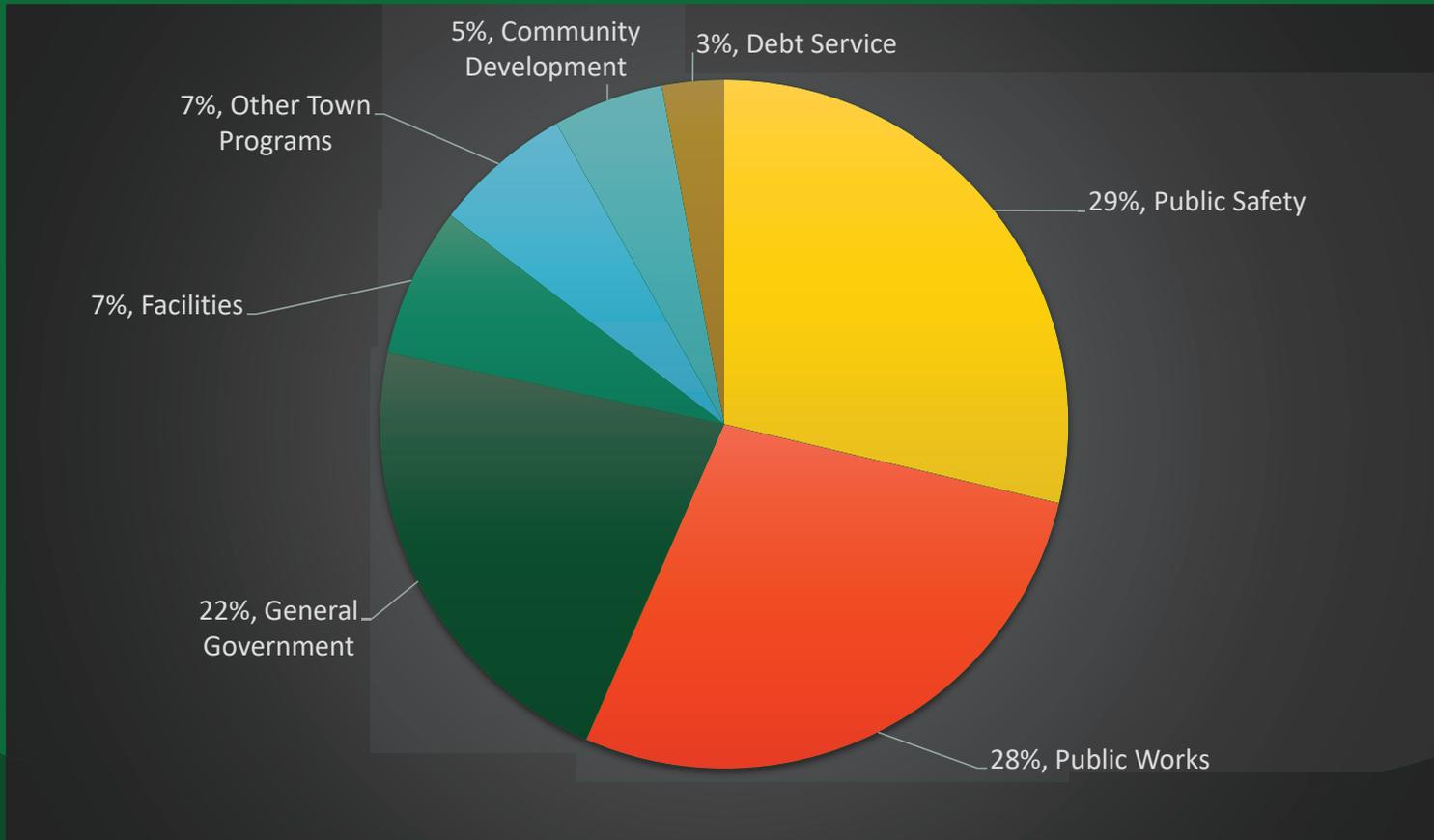
- Parcel Charge
- Restricted for Landscaping, Lighting, and Streetscaping



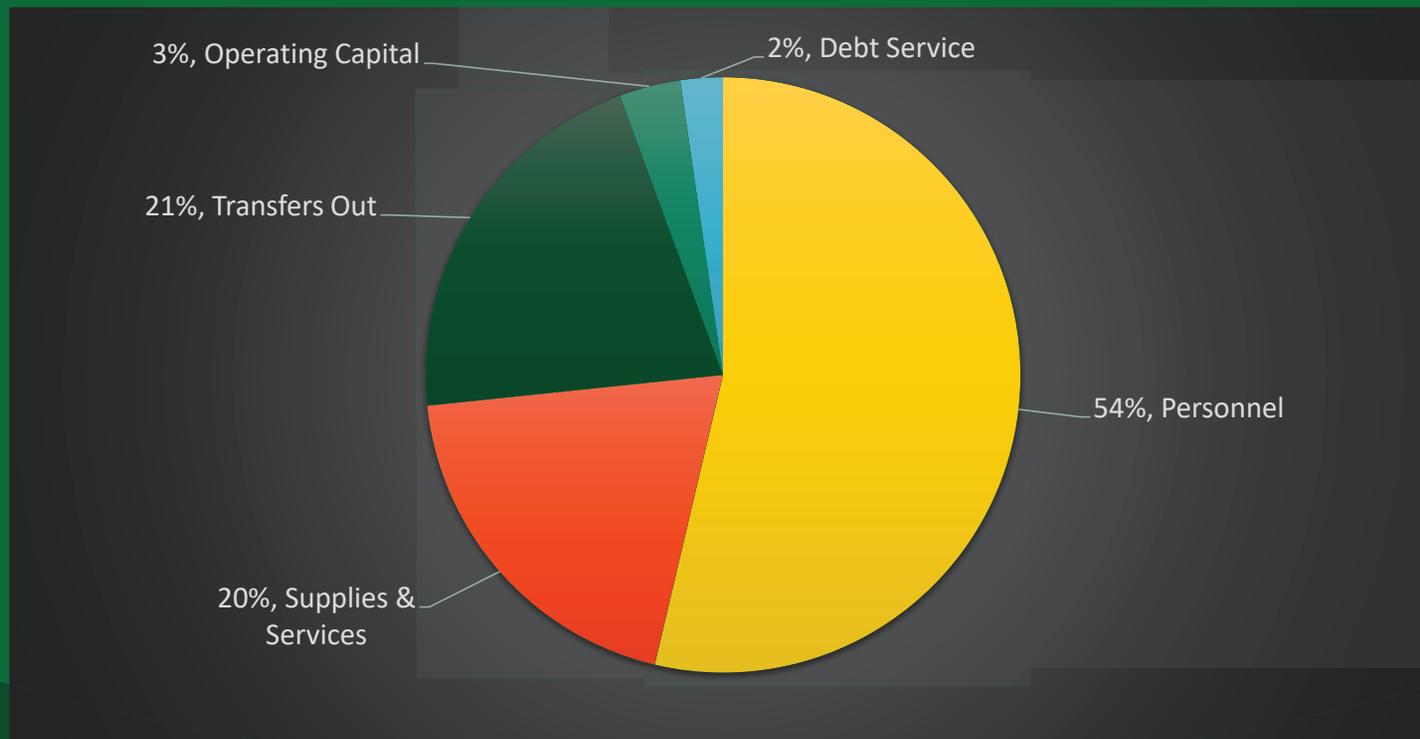
Total Amount Available

EXPENSES

General Fund Operating Expenses – FY23/24



General Fund Operating Expense – Spending Categories – FY23/24

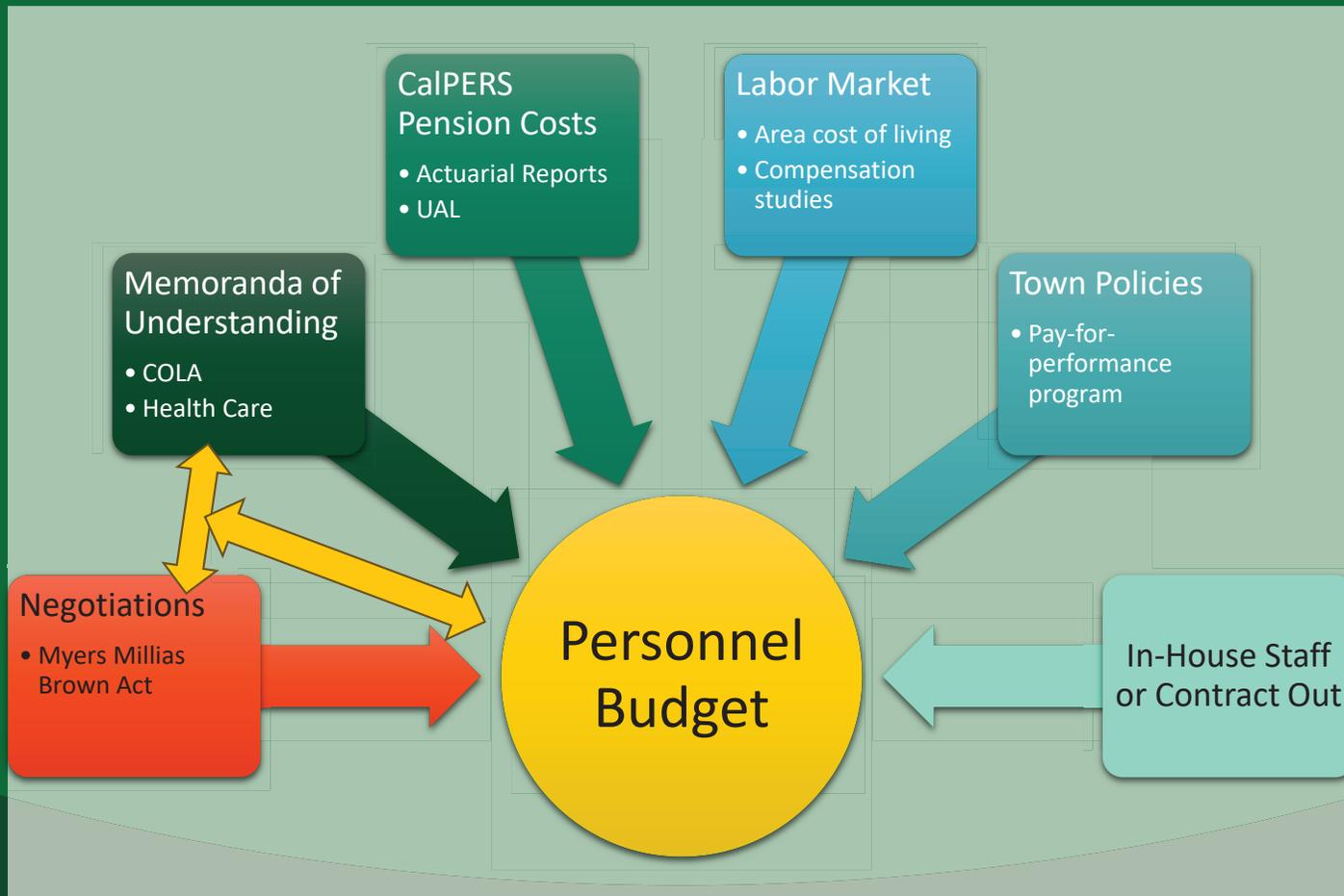


What is Incremental Budgeting

- Traditional Approach where previous year's budget is used as baseline
- Adjustments are made incrementally with each new budget cycle, usually based on:
 - Inflation or cost-of-living increases
 - New Programs or policy changes
 - One-time expenditures removed or added



Personnel Budgets



**GENERAL FUND REVENUE
2023/24 REVENUE BUDGET**

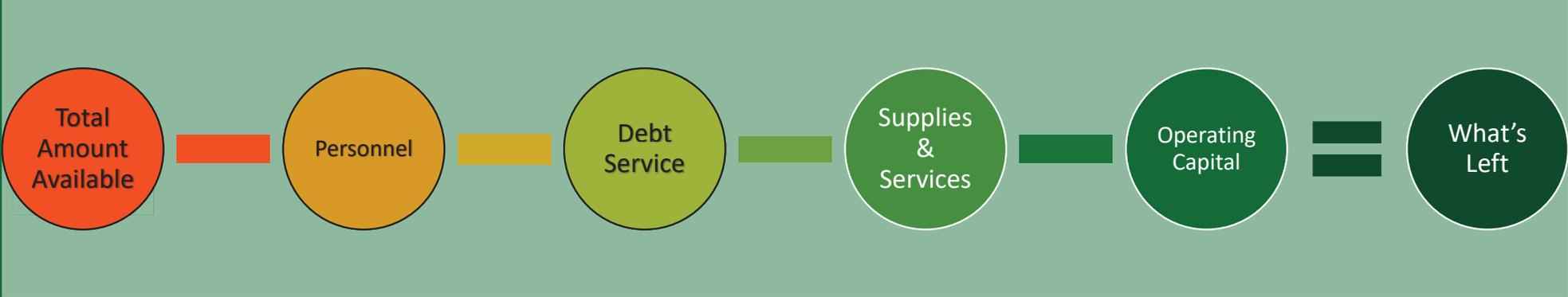
101.000.00 General Fund **MOU REVENUE CHANGE CALCULATION**

| ACCOUN | | 2022/23 AMENDED BUDGET | 2022/23 ESTIMATED ACTUALS | 2023/24 PROPOSED BUDGET | % CHG BUD TO BUD | Include In MOU Rev. Calc? |
|-----------------------------------|-------------------------------------|------------------------------|---------------------------------|-------------------------------|---------------------|---------------------------------|
| 40.11 | Property Tax - Secured Current Yr | 13,712,214 | 14,301,865 | 14,587,902 | 6.4% | X |
| 40.20 | Property Tax - Unsecured Current Yr | 208,250 | 227,636 | 232,188 | 11.5% | X |
| 40.25 | Property Tax - Unsecured Prior Yrs | - | 3,230 | - | | X |
| 40.30 | Supplemental Secured Current Yr | 200,000 | 431,754 | 200,000 | | X |
| 40.40 | Supplemental Unsecured Current Yr | - | 11,883 | - | | X |
| 40.50 | Supplemental Prior Years | - | 913 | - | | X |
| 40.61 | RPTTF - RSA Residual | 175,000 | 280,000 | 280,000 | 60.0% | X |
| 40.70 | Real Property Transfer Tax | 400,000 | 420,435 | 400,000 | | X |
| 41.10 | Sales & Use Tax | 6,383,089 | 6,737,929 | 6,696,071 | 4.9% | X |
| 41.30 | Transient Occupancy Tax | 5,000,000 | 6,000,000 | 5,250,000 | 5.0% | X |
| 41.50 | Franchise Tax | 1,250,000 | 1,440,000 | 1,350,000 | 8.0% | X |
| 40.80 | Homeowner's Property Tax Relief | 95,000 | 89,080 | 90,000 | -5.3% | X |
| 45.11 | Property Tax - In-Lieu MVL Fee | 2,000,000 | 2,254,081 | 2,050,000 | 2.5% | X |
| 45.12 | Motor Vehicle License Fees | 13,000 | 18,730 | 13,000 | | X |
| 45.40 | NVC Pass Through Payment | 87,550 | 85,000 | 87,550 | | X |
| 45.90 | TTUSD - SRO Reimbursement | 75,233 | 102,045 | 100,805 | 34.0% | X |
| 42.10 | Animal Licenses | 25,000 | 24,000 | 25,000 | | X |
| 44.10 | Interest Income - County | 18,000 | 18,000 | 18,360 | 2.0% | X |
| 44.30 | Interest Income - Investments | 180,024 | 877,509 | 875,697 | 386.4% | X |
| 47.50 | Town Facility Tenant Leases | 317,287 | 272,142 | 287,168 | -9.5% | X |
| 47.51 | Depot Tenant Leases | 31,433 | 30,000 | 30,000 | -4.6% | X |
| 43.05 | Court Fines | 75,000 | 62,000 | 65,000 | -13.3% | X |
| 45.76 | POST Reimbursement | 10,000 | 25,000 | 10,000 | | X |
| 46.40 | Special Police Dept Services | 40,000 | 17,500 | 30,000 | -25.0% | X |
| 46.41 | Police Special Event Reimbursement | 50,000 | 37,000 | 45,000 | -10.0% | X |
| 42.28 | Plan Check & Inspection Fees | 105,000 | 230,000 | 130,000 | 23.8% | X |
| 47.04 | Channel 6 Subscriber Contributions | 50,000 | 50,000 | 50,000 | | X |
| TOTAL GENERAL FUND REVENUE | | 30,501,080 | 34,047,732 | 32,903,741 | 7.9% | |

| % Increase Calculations for MOU Revenue | | | | % Chg Bud to Bud |
|--|------------|------------|------------|------------------|
| Property Tax (4011, 4020, 4030, 4040) | 14,120,464 | 14,973,138 | 15,020,091 | 6.4% |
| Sales tax | 6,383,089 | 6,737,929 | 6,696,071 | 4.9% |
| MOU General Fund Revenue Increase (specified Accounts) | 30,501,080 | 34,047,732 | 32,903,741 | 7.9% |

Pay-for-Performance Program

| Town's Year-on-Year Budgeted Revenue Increase | PFP Pool | Range of Increases Available in Pool |
|---|----------------------|--------------------------------------|
| Less than 1% increase: | None (no PFP raises) | None |
| 1% - 1.99% increase: | 1% Pool | 0% - 2% |
| 2% - 2.99% increase: | 2% Pool | 0% - 2.75% |
| 3% - 4.99% increase: | 3% Pool | 0% - 4% |
| 5% or greater increase: | 5% Pool | 0% - 6% |



What's Left

Where the fun is had!

Prioritization



General Fund Contingency

- \$16.7 million
- Target = 40% of General Fund Revenues



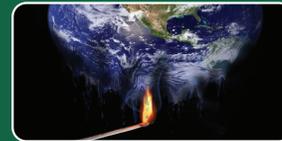
Road Maintenance Reserve

- \$4.4 million
- \$1.25 million per year



Sustainability Designation

- \$369,697
- 5% of annual operating surplus



General Fund Housing Design

- \$273,775



Art Designation

- \$100k/year up to \$500K



General Fund - Designations & Savings

Council Priorities

TOWN OF TRUCKEE 2025-27 COUNCIL PRIORITIES

INVEST IN **KEY INFRASTRUCTURE, COMMUNITY CONNECTIVITY, & ECONOMIC VITALITY**

ACTIVELY SUPPORT THE DEVELOPMENT OF **WORKFORCE HOUSING**

ENHANCE **COMMUNICATION & PUBLIC OUTREACH**

ENHANCE PARTNERSHIPS & INVESTMENT FOR **EMERGENCY PREPAREDNESS** INCLUDING WILDFIRE READINESS, MITIGATION & RECOVERY

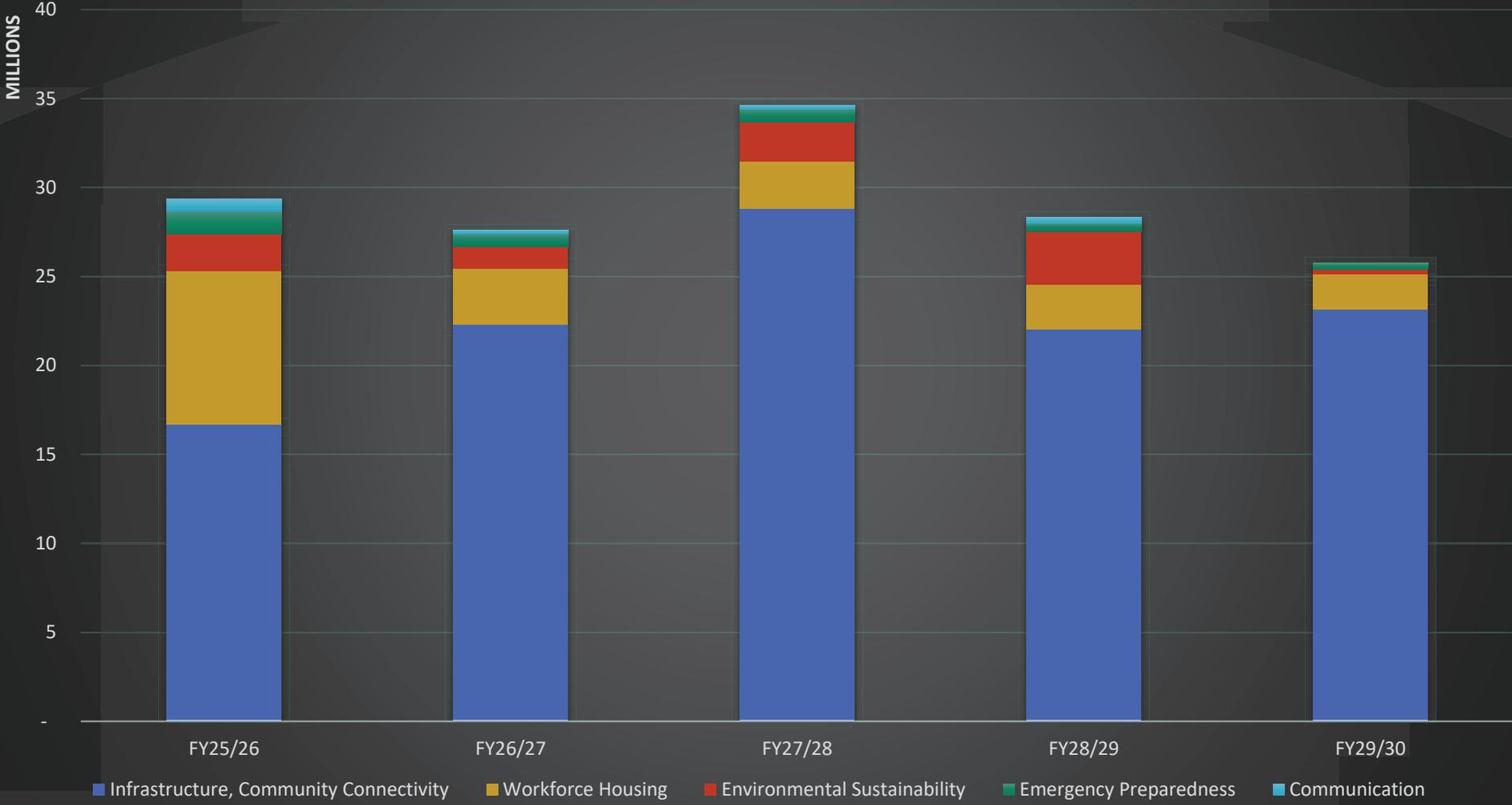
REDUCE GREENHOUSE GAS EMISSIONS & BECOME A LEADER IN **ENVIRONMENTAL SUSTAINABILITY**



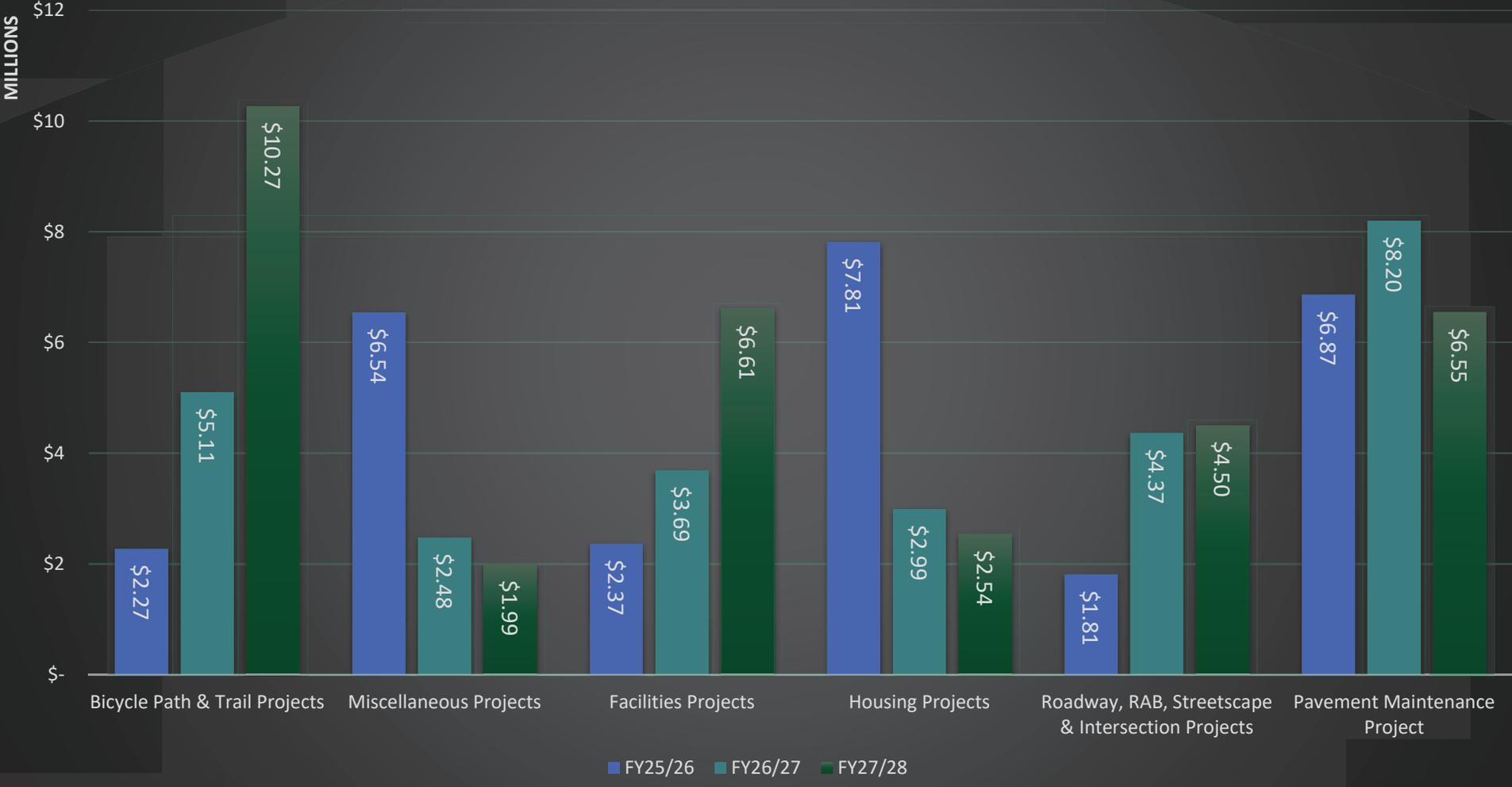
Two Year Work Plan

- First developed for FY2021/22 budget period under guidance of Management Partners
- Includes series of goals and corresponding action items aimed at helping to bring Council priorities to reality
- FY25/26 – FY26/27 Workplan Discussion on May 27, 2025
 - Quarterly updates to Council

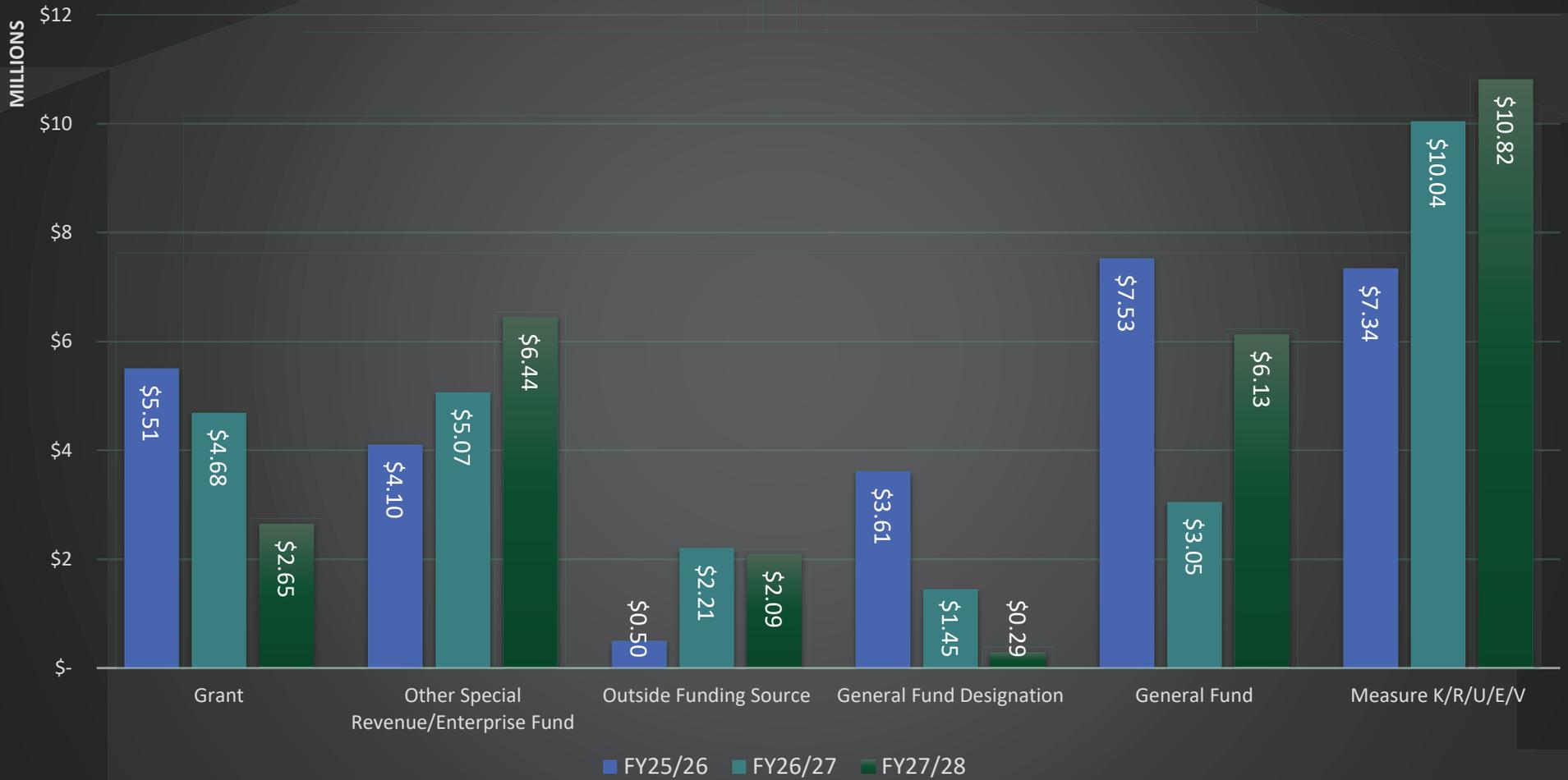
Capital Project Spending by Council Priority



Capital Spending by Category



Capital Projects – Funding Sources





| GENERAL FUND | PROPOSED | PROJECTED | PROJECTED | PROJECTED | PROJECTED |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | BUDGET | | | | |
| | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
| Beginning Total Fund Balance | 57,197,295 | 49,721,948 | 47,365,262 | 42,600,796 | 36,687,863 |
| Revenues | 45,485,873 | 46,381,122 | 47,894,517 | 49,314,342 | 50,769,917 |
| Less: Operating Expenditures | (41,055,119) | (43,297,821) | (45,304,274) | (47,162,345) | (49,209,684) |
| Net Operating Revenue/(Expense) | 4,430,754 | 3,083,301 | 2,590,243 | 2,151,997 | 1,560,233 |
| Less: Debt Service | (951,344) | (945,390) | (943,601) | (936,864) | (937,748) |
| Net Operating Surplus/(Deficit) with Debt Service | 3,479,410 | 2,137,911 | 1,646,641 | 1,215,133 | 622,486 |
| Capital Transfers | (7,528,187) | (3,048,107) | (6,125,107) | (6,842,066) | (5,435,000) |
| Expenditures from Road Maintenance Reserve | (1,250,000) | (625,000) | - | - | (625,000) |
| Expenditures from Economic Development Design | (50,000) | - | - | - | - |
| Expenditures from Sustainability Designation | (920,600) | (706,200) | (236,000) | (236,000) | (236,000) |
| Expenditures from Streetscape Designation | (500,000) | - | - | - | - |
| Expenditures from Railyard Commitments Design. | (250,000) | (50,000) | (50,000) | (50,000) | (50,000) |
| Expenditures from General Fund Housing Design. | (455,970) | (65,290) | - | - | - |
| Expenditures from Misc Designations | - | - | - | - | - |
| Net Change | (7,475,347) | (2,356,686) | (4,764,466) | (5,912,933) | (5,723,514) |
| Total Ending Fund Balance | 49,721,948 | 47,365,262 | 42,600,796 | 36,687,863 | 30,964,349 |

| GENERAL FUND | PROPOSED | | | | |
|---|-------------------|----------------------|----------------------|----------------------|----------------------|
| | BUDGET 2025/26 | PROJECTED 2026/27 | PROJECTED 2027/28 | PROJECTED 2028/29 | PROJECTED 2029/30 |
| Total Ending Fund Balance | 49,721,948 | 47,365,262 | 42,600,796 | 36,687,863 | 30,964,349 |
| <i>Less: <u>Nonspendable Fund Balances</u></i> | 433,906 | 433,906 | 433,906 | 433,906 | 433,906 |
| <i>Less: <u>Assigned Fund Balances</u></i> | | | | | |
| General Fund Contingency Designation (40%) | 18,194,349 | 18,552,449 | 19,157,807 | 19,725,737 | 20,307,967 |
| Budget Stabilization Designation | - | - | - | - | - |
| Road Maintenance Reserve | 2,402,816 | 1,777,816 | 3,277,816 | 4,777,816 | 5,652,816 |
| Economic Development/Infrastructure Designation | 166,691 | 166,691 | 166,691 | 166,691 | 166,691 |
| Streetscape Designation | 43,182 | 43,182 | 43,182 | 43,182 | 43,182 |
| General Fund Housing Designation | 65,290 | (0) | - | - | - |
| Railyard Commitments Design. | 250,000 | 200,000 | 150,000 | 100,000 | 50,000 |
| Capital Improvements Designation | - | - | - | - | - |
| Wildfire Deductible Designation | - | - | - | - | - |
| Sustainability Designation | 236,613 | - | - | - | - |
| Miscellaneous Designations | 67,281 | 67,281 | 67,281 | 67,281 | 67,281 |
| Total Nonspendable and Designations | 21,860,128 | 21,241,325 | 23,296,683 | 25,314,613 | 26,721,843 |
| Total Undesignated Fund Balance | 27,861,820 | 26,123,937 | 19,304,113 | 11,373,250 | 4,242,506 |
| <i>Less: <u>Restricted Fund Balances</u></i> | 231,390 | 231,390 | 231,390 | 231,390 | 231,390 |
| Cash Available | 27,630,430 | 25,892,547 | 19,072,723 | 11,141,860 | 4,011,116 |

Measuring Budget Performance

- Accounting system validates spending against budget, authorization required to exceed
- Quarterly Financial Status Updates to Council with Budget Performance
 - Monitoring provides early warning of potential problems
 - Especially important on Revenue side
- Reported in Financial Statements
- Annual reporting to Tax Measure Oversight Committee

The Future of the Budget

- Moving to a biannual budget for FY27/28 – FY28/29
- Increase in goals, accomplishments, and performance metrics
- Continue to increase useability & information presentation

Get Involved

- Attend Council meetings and/or Provide public comment (May 27th & June meeting)
- Follow the budget calendar
- Participate in surveys and forums
- Stay informed through newsletters/social media
- Participate on commissions and committees





Questions or Comments

