

Executive Summary

Introduction

The education code requires all school districts to prepare a First Interim report for the 2024 - 2025 school year by December 15th. The First Interim report contains all activity and any proposed budget revisions as of October 31, 2024. These budget revisions are based on information made available after the initial 2024 - 2025 Budget Adoption approved on June 26, 2024. Explanations for these changes are included in the Financial Summary below.

Financial Summary and Assumptions

Enclosed you will find the 2024 - 2025 First Interim report for TTUSD. The attached 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 any significant changes made since the last Board Approved Operating Budget was approved in June 2024. The comparisons in this summary are being made between the 2024 - 2025 First Interim Budget revisions (i.e., the Projected Year Totals column found in the SACS report) and the 2024 – 2025 Original Adopted Budget.

Revenue

Overall, the 2024 - 2025 First Interim report shows an increase in revenue of \$761,504 when compared to the 2024 - 2025 Adopted Budget. These increases are a result of a combination of newly projected ongoing property taxes, carryover funds, local grants, program funding and one-time revenues. Please review the summaries below.

1. **Property Taxes/State Aid/EPA** - The majority of revenue in this category is property taxes but it also includes Proposition 30 funding and State Aid (former State Categoricals). Property taxes consist of homeowner's exemptions, timber yield taxes, secured roll taxes, and unsecured roll taxes. This category increased by \$1,139,771 at First Interim. The following provides more detail of the funding sources included in this category:
 - a. Property Taxes - The 2024 - 2025 County Tax Rolls have assessed properties within the District at a higher value than was originally projected at budget adoption. As a result, property taxes increased by \$973,064.
 - b. Community Redevelopment Funds (Former RDA) – This category increased by \$127,446 since budget adoption.
 - c. State Aid - In 2012-13 the district received approximately \$1.9 million in State Categorical funding as State Revenue. With the adoption of LCFF, these categorical programs were absorbed into the LCFF calculation. Since TTUSD is a Basic Aid district, it now receives this amount in a lump sum under the LCFF/Revenue Limit category.
 - d. EPA (Proposition 30) – We estimate that we will receive \$726,162 in Proposition 30 funds in 2024 - 2025.
 - e. 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. At budget adoption, the estimated 2024 - 2025 in-lieu property tax transfer was \$2,302,981. The estimate at First Interim is \$2,325,934, an increase of \$22,953.

- f. Increase of \$58,744 in Special Education property taxes distributed from the SELPA.
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). Since the June budget adoption, Federal funding has increased by \$199,908 due to the following:
 - a. Federal Title I, II, and III program revenues have increased by \$116,986 since budget adoption due to prior year carryover.
 - b. Increase of \$34,700 in Forest Reserve funding.
 - c. Increase of \$12,782 in Federal workability funding.
 - d. Increase of \$40,339 in IDEA funding.
 3. **State Revenue** - This revenue source is mainly composed of lottery awards, funding for the Mandate Block Grant, and one-time State funding. State revenue was decreased by \$787,564 at First Interim. These decreases are attributed to:
 - a. Expanded Learning Opportunities Program - The 2024 - 2025 Proposed State Budget included additional ongoing funding for Districts to implement before and after school and summer school enrichment programs for unduplicated students in Kindergarten through sixth grade. The District estimated it would receive \$1,139,489 at Budget Adoption. This award has been reduced by \$164,256 at First Interim.
 - b. STRS On-Behalf Contribution. There are three contributors to the STRS retirement fund: the employer, the employee, and the State of California. GASB 68 requires school districts to recognize the State's annual contribution to STRS (the "on-behalf contribution") in their general ledger. This results in an entry in the benefits expenditure category (the cost) and an offsetting revenue entry. The amount of this contribution is estimated throughout the year and finalized at year-end. The estimate for both STRS on-behalf revenues and expenditures was \$3,470,675 at budget adoption. There is no change to this estimate at First Interim.
 - c. Increase in lottery funding of \$82,000.
 - d. Transfer of \$597,017 in Student Behavioral Health Incentive Program funding (SBHIP) from State to local funding category.
 - e. Decrease of \$577,257 in Arts and Music in School funding through Proposition 28. This is a correction to reverse duplicate revenue included in the adopted budget.
 - f. Decrease of \$20,942 in CTEIG funding.
 - g. Increase of \$11,801 in Mental Health funding.
 - h. Transportation Reimbursement Funding was estimated at \$1,316,053 at budget adoption. This estimate has been decreased by \$119,000 at First Interim.
 4. **Local Revenue** - Major components of this revenue source are the Measure AA parcel tax, RDA pass-thru funding, facility use fees, interagency fees, local grants and special education funding.

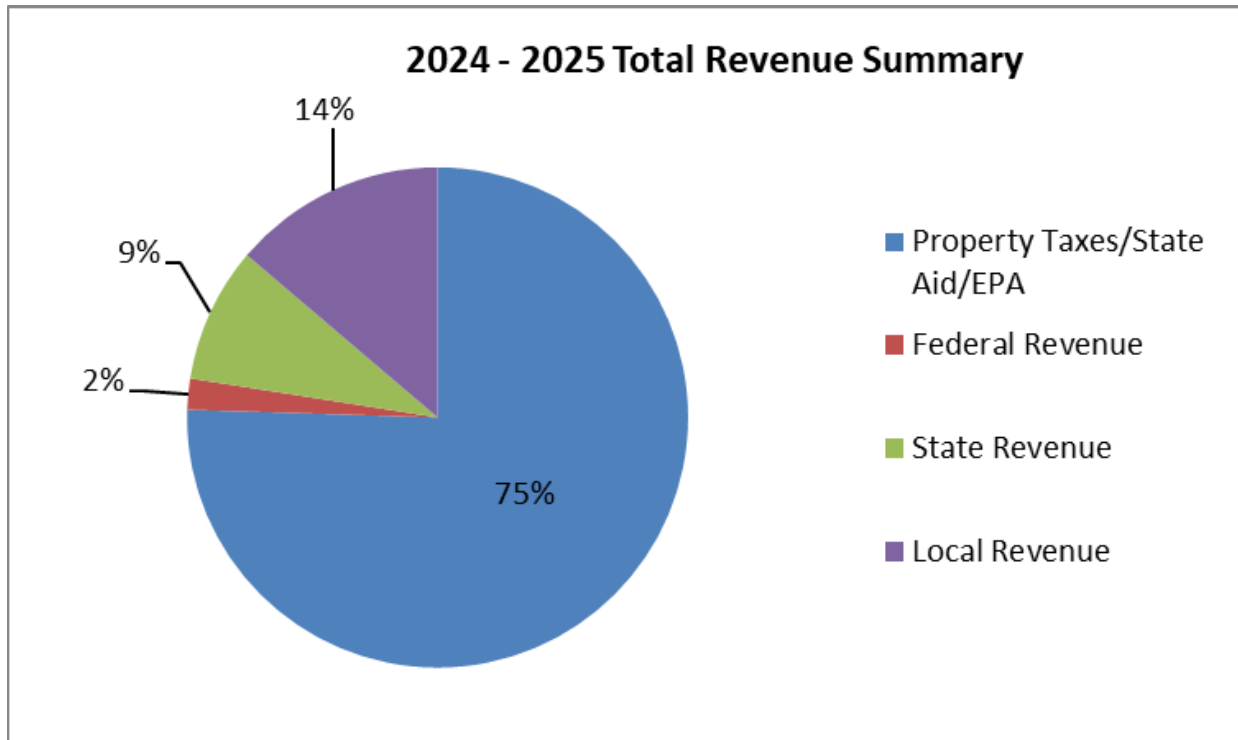
The 2024 - 2025 First Interim shows an increase of \$209,389 in local revenue when compared to the adopted budget. This increase is attributed to:

- a. \$20,057 increase in local Special Education funding.
- b. \$171,098 decrease in local donations.
- c. \$100,000 increase in interest earnings.
- d. \$100,000 increase in Retiree health and welfare benefit payments.
- e. \$69,000 increase in ELOP transfers from Sierra Expeditionary Learning School.
- f. \$14,836 increase in MediCal revenue estimates.
- g. \$400,000 increase in insurance reimbursements for 2022-23 winter damage claim.
- h. \$140,000 increase in Redevelopment Agency Pass-Thru revenue.
- i. \$69,000 increase in FEMA funding to update the District Local Hazard Mitigation Plan.
- j. \$150,000 decrease in Washoe County tuition.

The table and graph below and on the next page summarize the changes in revenue between the Adopted Budget and First Interim:

**2024 - 2025 Adopted Budget and First Interim
Unrestricted and Restricted Revenues**

Revenue	2024 - 2025 Adopted Budget	2024 - 2025 First Interim	Increase/ (Decrease)
Property Taxes/State Aid/EPA	\$ 74,066,231	\$ 75,206,002	\$ 1,139,771
Federal Revenue	\$ 1,796,955	\$ 1,996,863	\$ 199,908
State Revenue	\$ 9,487,618	\$ 8,700,054	\$ (787,564)
Local Revenue	\$ 13,503,915	\$ 13,713,304	\$ 209,389
Total Revenue	\$ 98,854,719	\$ 99,616,223	\$ 761,504



Expenditures

Since budget adoption, the overall expenditures have increased by \$632,998. There are some significant changes within the individual expenditure categories that require some explanation. The following is a breakdown of the different general fund expenditure categories along with explanations for the First Interim changes.

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 decreased by \$61,678 from the adopted budget. This decrease was attributed to:
 - a. Increase of 4.0 certificated positions estimated at \$207,329.
 - b. Decrease of 6.0 in certificated positions estimated at \$665,458.
 - c. Approximately \$46,427 in cost from filling vacated positions with new staff.
 - d. Remaining variances are comprised of step and column changes, substitute adjustments, extra duty pay and position adjustments.

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 decreased by \$116,866 from the 2024 - 2025 Adopted Budget due to the following:
 - a. Increases to classified positions totaling \$448,138:
 - i. 4.75 FTE Special Education Instructional Assistants

- ii. 0.6 Physical Therapist
 - iii. 0.375 FTE Yard Duty Supervisors
 - iv. 1.03 FTE Instructional Assistants
 - v. 1.625 FTE Child Development Staff
 - vi. 1.0 FTE Administrative Assistant - Food Services
 - vii. 2.0 FTE Cooks
- b. Decrease of 3.16787 FTE in classified positions estimated at \$122,987.
 - c. Decrease of 0.5595 FTE by position edits estimated at \$32,153.
 - d. Approximately \$275,291 in vacancy savings from unfilled positions.
 - e. Approximately \$105,958 in savings from filling vacated positions with new staff.
 - f. Remaining variances are comprised of temporary staffing and extra duty increases, salary savings and position adjustments.
3. **Employee Benefits** - This expenditure area includes all payments relating to payroll taxes (social security, unemployment insurance, Medicare, workers comp, etc.), retirement plans (i.e., CALPERS, STRS), and health and welfare benefits. The rates for payroll taxes are determined by the State and Federal Government and our workers compensation carrier. The rates for CALPERS and STRS are determined each year by the individual retirement plans. The amount of payroll taxes and retirement contributions are directly tied to the amount of salaries; as salaries increase the predetermined payroll tax, CALPERS and STRS rates are applied to the additional salary. The District currently has a cap on health and welfare benefits of \$9,505 per year for employees only, \$10,933 per year for employees plus one, and \$14,809 per year for employees plus family. The First Interim benefits expenditures decreased by \$6,517 compared to the 2024 - 2025 Adopted Budget.
4. **Books and Supplies** - The 2024 - 2025 First Interim budget for materials and supplies shows an overall decrease of \$201,207 when compared to 2024 - 2025 Adopted Budget. This change is a result of many positive and negative adjustments in different program resources. The following highlights the major changes in 2024 - 2025 for the books and supplies category:
- a. Increase of \$20,000 for purchase of new AEDS.
 - b. Increase of \$98,223 in Title I carryover and expenditure reclassifications to other expenditure categories.
 - c. Decrease of \$45,179 in Measure AA expenditures moved to another expenditure category.
 - d. Decrease of \$30,000 in Chromebook purchases.
 - e. Decrease of \$20,740 in site discretionary budgets due to account reclassification.
 - f. Decrease of \$20,740 in Title II award.
 - g. Decrease of \$248,027 in CTEIG materials and supplies expenditures. This amount will be used in other expenditure categories or carried forward into 2025 - 2026.
 - h. Decrease of \$46,622 in A-G Grant due to account reclassification.
 - i. The remaining balance is a result of various budget increases/decreases and account reclassifications.
5. **Services and Other Operating Expenditures** - This category includes expenditures for professional services, legal counsel, utilities, repairs, and service contracts. There is an increase of approximately \$1,069,862 in services and operating expenditures when comparing the 2024 - 2025 Adopted Budget to First Interim.

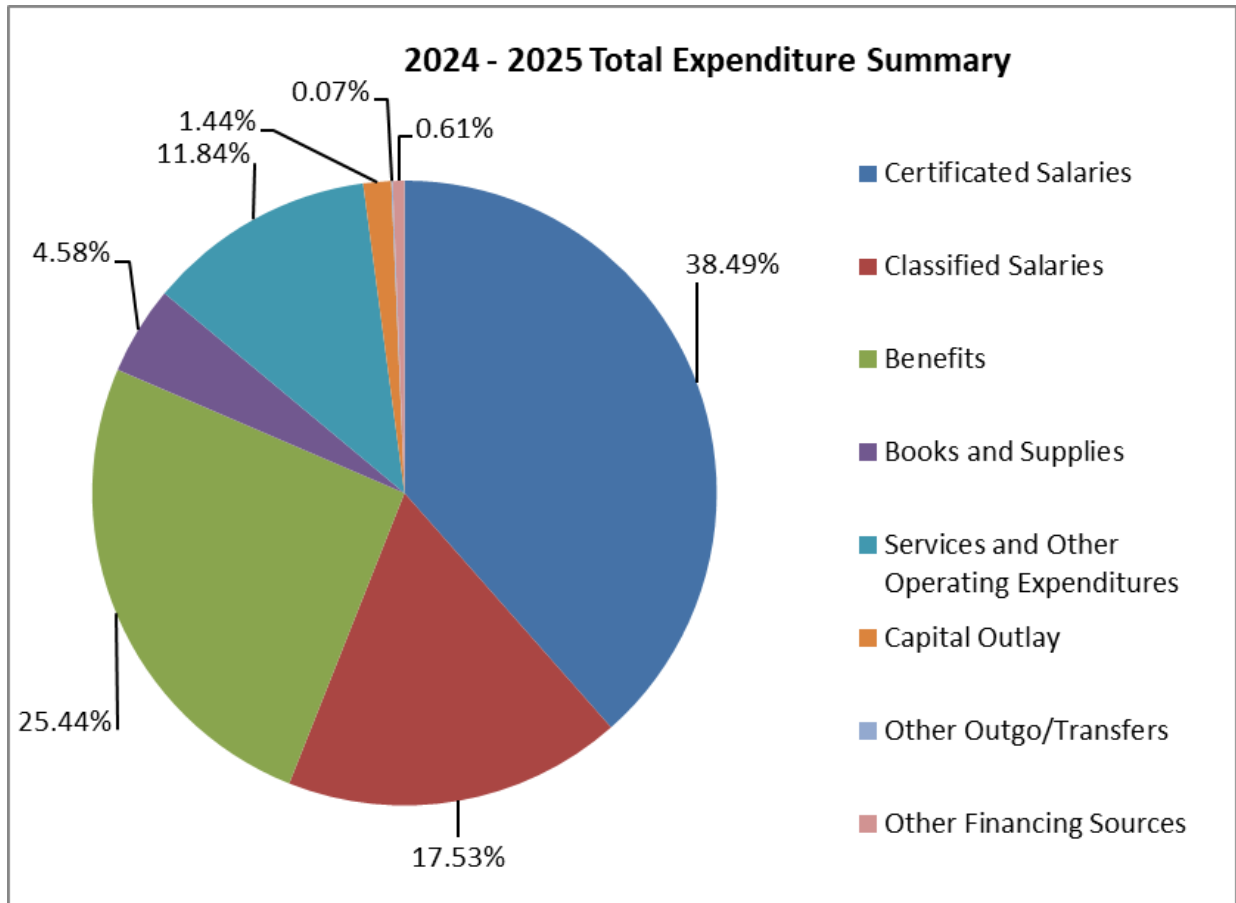
- a. \$24,400 increase in Tahoe Truckee Media Broadcast licenses.
 - b. \$292,912 increase for instructional materials licenses and software.
 - c. \$100,000 increase in utilities.
 - d. \$20,000 increase for Kitchen and Infrastructure improvements.
 - e. \$146,708 for professional services related to capital improvements. This is funded through our Redevelopment Agency Pass-thru funding.
 - f. \$10,000 increase for maintenance repairs.
 - g. \$167,000 increase for technology licenses and software.
 - h. \$19,288 for Title Program carryover.
 - i. \$241,095 increase for Special Education Non-Public School placement.
 - j. \$34,541 decrease in property and liability insurance premiums.
 - k. The remaining balance is a result of various budget increases/decreases and account reclassifications.
6. **Capital Outlay** - All building and capital improvements as well as large equipment purchases are within this category. The First Interim capital outlay budget decreased by \$190,579 due to:
- a. \$219,219 in capital improvement projects moved to other funding sources.
 - b. \$20,000 increase in Tahoe Truckee Media equipment purchases.
 - c. Increase of \$17,190 in transportation equipment replacement.
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). This category has decreased by \$8,735.
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 deferred maintenance. These expenditures have increased by \$148,718 at First Interim. This is due to increased costs in the food service program.
9. **Contributions** - These are the contributions from the unrestricted general fund to restricted general fund programs such as special education. There is an increase to contributions in the amount of \$323,260 since the Adopted Budget mainly due to increased costs in our Measure AA and Wellness programs.

On the next page is a table summarizing the expenditures for 2024 - 2025 Adopted Budget and the 2024 - 2025 First Interim budget.

**2024 - 2025 Adopted Budget and First Interim
Unrestricted and Restricted Expenditures**

Expenditures	2024 - 2025 Adopted Budget	2024 - 2025 First Interim	Increase/ (Decrease)
Certificated Salaries	\$ 38,492,260	\$ 38,430,582	\$ (61,678)
Classified Salaries	\$ 17,617,209	\$ 17,500,343	\$ (116,866)
Benefits	\$ 25,403,200	\$ 25,396,683	\$ (6,517)
Books and Supplies	\$ 4,778,234	\$ 4,577,027	\$ (201,207)
Services and Other Operating Expenditure	\$ 10,749,327	\$ 11,819,189	\$ 1,069,862
Capital Outlay	\$ 1,630,163	\$ 1,439,584	\$ (190,579)
Other Outgo	\$ 202,310	\$ 202,310	\$ -
Transfers of Indirect Cost	\$ (122,253)	\$ (130,988)	\$ (8,735)
Other Financing Sources	\$ 457,470	\$ 606,188	\$ 148,718
Contributions	\$ -	\$ -	\$ -
Total Expenditures	\$ 99,207,920	\$ 99,840,918	\$ 632,998

The chart below illustrates how the district spends its money by category.



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 #3100 for 2024 - 2025 effectively establishes a minimum REU of 10.0% and an acceptable range of 10.0% to 16.0%. The projected Reserve for Economic Uncertainties (REU) is \$18,000,143 which represents 18.03% of total budgeted expenditures and other outgo. In addition to this reserve, there are estimated ending fund balances of \$8,128,262 in "Restricted" and \$1,378,006 in "Other Assigned" designations. The other assigned designation includes the board designated instructional materials reserve fund, technology replacement fund, and the bus replacement fund. The REU increased by \$418,964 from the 2024 - 2025 Adopted Budget mainly due to increased property tax revenues in 2024 – 2025, and substantial vacancy savings at First Interim. The fund balance amounts identified in the First Interim report under the Original Budget column were based on Estimated Actuals at the time of budget adoption and do not reflect 2023 – 2024 actuals. The table on the next page shows the components of ending fund balance for the 2024 – 2025 Adopted Budget and First interim.

**2024 - 2025 TTUSD Adopted Budget and First Interim
Components of Ending Fund Balance**

Fund Balance	2024 - 2025 Original Budget	2024 - 2025 First Interim
Restricted	\$ 8,057,789	\$ 8,128,262
Unrestricted		
Reserve for Economic Uncertainty and Basic Aid	\$ 17,581,179	\$ 18,000,143
Reserve for Cash, Stores and Prepaid Expense	\$ 60,000	\$ 60,000
Designated		
(Inst. Materials Reserve, MAA, Bus and Tech		
Reserves)	\$ 1,474,129	\$ 1,378,006
Undesignated	\$ -	\$ -
Unrestricted Subtotal	<u>\$ 19,115,308</u>	<u>\$ 19,438,149</u>
Total Ending Balance	\$ 27,173,097	\$ 27,566,411
Reserve for Economic Uncertainty and Basic Aid	17.72%	18.03%

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 2024 - 2025 documents that the District will be able to meet its financial obligations in all three years. Some of the other major assumptions used in the multi-year projections are as follows:

1. Revenue

- a. Property Tax increases of 3.25% in 2025 - 2026 and 2.75% in 2026 - 2027.
- b. Increase to charter school in-lieu tax payment of \$12,168 in 2025 - 2026 and an additional \$49,503 in 2026 - 2027.
- c. Mandated Block grant ongoing.
- d. No one-time discretionary funding from the State.
- e. COLA increases of 2.93 % in 2025 - 2026 and 3.08% 2026 - 2027 on “Other State Revenues” and local special education funding.
- f. Education Protection Account (Prop 30) Funding continues in all years.
- g. Forest Reserve funding in all out years.
- h. Measure AA parcel tax funding relatively flat in out years.
- i. Contribution to Deferred Maintenance of \$450,000 ongoing (includes \$250,000 for COP debt service if needed).

- j. Increase of \$250,000 in 2025 – 2026 and an additional \$100,000 in 2026 - 2027 for Home to School Transportation reimbursement.
- k. Arts and Music in Schools Funding (Proposition 28) ongoing.
- l. No SBHIP funding used for our Wellness Center expansions after 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 27.6% in 2025 - 2026 and 28.0% in 2026 - 2027.
- e. Site operational funding included in all years.
- f. Movement of certificated and classified staff funded by LREBG in 2025 – 2026 to the Unrestricted General Fund.
- g. Transfer TOSA coaches from Educator Effectiveness funds to Unrestricted General Fund in 2026 – 2027.
- h. Bus Replacement in all years.
- i. Annual Chromebook replacement of \$300,000 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 \$1,335,738 in 2025 - 2026 and \$1,494,939 in 2026 - 2027 to Measure AA programs.
- n. \$642,454 instructional materials adoption in 2025 – 2026 and \$200,000 in 2026 – 2027.
- o. 2% annual increases in unrestricted materials and supplies purchases and services and other operating expenditures.
- p. Additional 2.0 FTE TK Teachers in 2025 – 2026 and 1.0 FTE TK Teachers in 2026 – 2027.
- q. Additional 2.5 FTE and 1.0 FTE TK Instructional Assistants in 2025 – 2026 and 2026 – 2027, respectively.
- r. Movement of Wellness Center expansion staffing from one-time funding to Unrestricted General Fund in the 2025 – 2026 and 2026 – 2027 fiscal years.

The projection of multi-year ending fund balances is shown on the next page:

**2024 - 2025 TTUSD First Interim
Multi-Year Projection Ending Fund Balances**

Fund Balance	2024 - 2025 Projected	2025 - 2026 Projected	2026 - 2027 Projected
Restricted	\$ 8,128,262	\$ 6,825,475	\$ 7,433,081
Unrestricted			
Reserve for Economic Uncertainty and Basic Aid	\$ 18,000,143	\$ 20,953,484	\$ 23,938,402
Reserve for Cash, Stores and Prepaid Expense	\$ 60,000	\$ 60,000	\$ 60,000
Designated (Inst. Materials Reserve, MAA, Bus and Tech Reserves)	\$ 1,378,006	\$ 991,595	\$ 571,612
Undesignated	\$ -	\$ -	\$ -
Unrestricted Subtotal	<u>\$ 19,438,149</u>	<u>\$ 22,005,079</u>	<u>\$ 24,570,014</u>
 Total Ending Balance	 \$ 27,566,411	 \$ 28,830,554	 \$ 32,003,095
Reserve for Economic Uncertainty and Basic Aid	18.03%	20.98%	23.84%