

Executive Summary

Introduction

The education code requires all school districts to prepare a First Interim report for the 2022 - 2023 school year by December 15th. The First Interim report contains all activity and any proposed budget revisions as of October 31, 2021. These budget revisions are based on information made available after the initial 2022 - 2023 Budget Adoption approved on June 21, 2022 and the 45 Day Budget Revision (45 Day Revise) approved on August 3, 2022. Explanations for these changes are included in the Financial Summary below.

Financial Summary and Assumptions

Enclosed you will find the 2022 - 2023 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 (45 Day Revision) was approved in August 2022. These comparisons in this summary are being made between the 2022 - 2023 First Interim Budget revisions (i.e., the Projected Year Totals column found in the SACS report) and the 2022 - 2023 Board Approved Operating Budget (45 Day Budget Revise). Also included is information pertaining to budget changes made to the Original Adopted Budget at the 45 Day Revision.

Revenue

Overall, the 2022 - 2023 First Interim report shows an increase in revenue of \$600,255 when compared to the 2022 - 2023 45 Day Revision. This is in addition to the \$9,918,991 increase in revenues approved in the 45 Day Revision. 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 \$2,409,272 at the 45 Day Revision and an additional \$61,106 at First Interim. The following provides more detail of the funding sources included in this category:
 - a. Property Taxes - The 2022 - 2023 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 \$2,314,613 at the 45 Day Revision. There were no changes at First Interim
 - b. Community Redevelopment Funds (Former RDA) – This category increased by \$207,000 at the 45 Day Revision. There were no changes at First Interim.
 - 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 categoricals 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 \$736,914 in Proposition 30 funds in 2022 - 2023.
 - 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 the 45 Day Revision, the estimated 2022 - 2023 in-lieu property tax transfer was \$2,018,745. An increase of \$112,341 over the Original Budget. The estimate at First Interim is \$1,998,588, a decrease of \$20,137.
 - f. Increase of \$43,990 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, IDEA (Federal Special Education Grants), Elementary and Secondary School Emergency Relief (ESSER) funds, and State Expanded Learning Opportunity (ELO) grants. No Changes were made at the 45 Day Revision. Since the 45 Day Revision, Federal funding has increased by \$125,915 due to the following:
- a. Federal Title I, II, and III program revenues have increased by \$102,772 since the 45 Day Revision due to increased award amounts and carryover.
 - b. Increase of \$6,634 in ESSA School Improvement grants.
 - c. Increase of \$15,000 in Forest Reserve 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 increased by \$7,509,719 at the 45 Day Revision. Since the 45 Day Revision, State funding has increased by an additional \$301,820. These increases are attributed to:
- a. One-time Arts, Music, Instructional Materials Block Grant - The 2022 - 2023 Proposed State Budget included nearly \$3.6 Billion in one-time funding to obtain standards-aligned professional development and instructional materials in specified areas, obtain professional development on improving school culture, develop diverse and culturally relevant book collections, operational costs and COVID personal protective equipment. The District's allocation is \$2,273,411. This is a decrease of \$8,469 from the 45 Day Revision.
 - b. One-time Learning Recovery Emergency Block Grant - The 2022 - 2023 Proposed State Budget included \$7.93 Billion in one-time funding to be used for learning recovery initiatives through the 2027-28 school year that, at a minimum, support academic learning recovery, and staff and pupil social and emotional well-being. The District's allocation is \$3,209,936. This is a decrease of \$11,605 from the 45 Day Revision.
 - c. Expanded Learning Opportunities Program - The 2022 - 2023 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 \$541,516 at Budget Adoption. This increased by \$808,688 at the 45 Day Revision.
 - d. 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

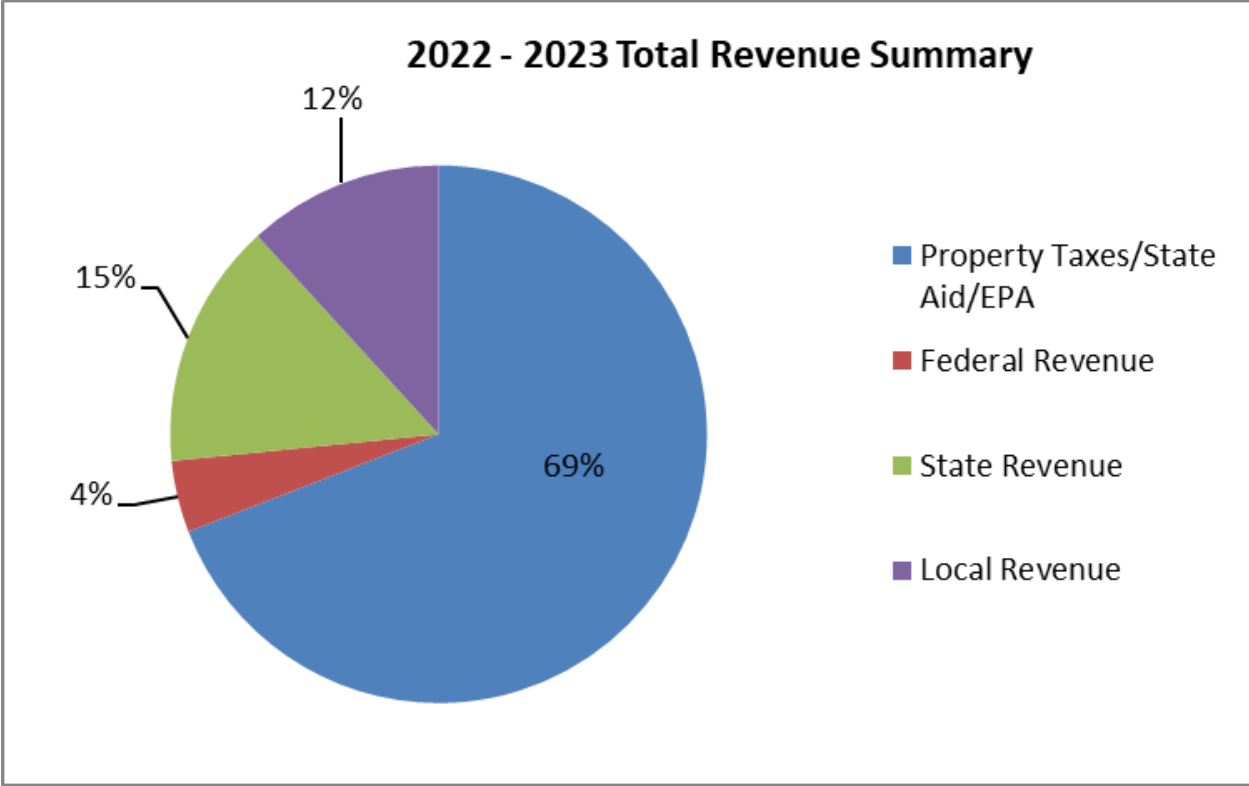
to recognize the State’s annual contribution to STRS (the “on-behalf contribution”) in their general ledger. This results in an entry in the benefits expenditure category (the cost) and an offsetting revenue entry. The amount of this contribution is estimated throughout the year and finalized at year-end. The estimate for both STRS On-behalf revenues and expenditures was \$3,223,345 at budget adoption. There is no change to this estimate at First Interim.

- e. Increase in lottery funding of \$70,944.
 - f. Increase of \$27,621 for one-time Special Education Dispute Resolution grants.
 - g. Increase of \$310,731 for one-time Special Education Learning Recovery funding.
 - h. Increase of \$25,136 in Mental Health funding.
 - i. Increase of \$189,126 in temporary Special Education Early Intervention funding.
 - j. Transportation Reimbursement Funding was estimated at \$1,200,000 at the 45 Day Revise. This estimate has been decreased by approximately \$300,000 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 2022 - 2023 First Interim shows an increase of \$111,414 in local revenue when compared to the 45 Day Revise. This increase is attributed to:
- a. \$79,278 decrease in local Special Education funding.
 - b. \$219,837 increase in local donations.
 - c. \$15,000 increase in interest earnings.
 - d. Decrease of \$32,745 in transportation trip charges.

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

**2022 - 2023 Adopted Budget, 45 Day Revise and First Interim
Unrestricted and Restricted Revenues**

Revenue	2022 - 2023 Adopted Budget	2022 - 2023 45 Day Revise	2022 - 2023 First Interim	Increase/ (Decrease) From 45 Day Revise
Property Taxes/State Aid/EPA	\$ 62,751,952	\$ 65,161,224	\$ 65,222,330	\$ 61,106
Federal Revenue	\$ 3,949,551	\$ 3,949,551	\$ 4,075,466	\$ 125,915
State Revenue	\$ 6,155,087	\$ 13,664,806	\$ 13,966,626	\$ 301,820
Local Revenue	\$ 11,017,456	\$ 11,017,456	\$ 11,128,870	\$ 111,414
Total Revenue	\$ 83,874,046	\$ 93,793,037	\$ 94,393,292	\$ 600,255



Expenditures

The 45 Day Revise had included an additional \$1,473,722 in staffing and professional services expenditures. Since the 45 Day Revise, the overall expenditures have decreased by \$1,231,726. There are some significant changes within the individual expenditure categories that require some explanation. The following is 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 \$328,576 from the 45 Day Revise. This decrease was attributed to:
 - a. At the 45 Day Revise the following were added:
 - i. \$294,000 in additional temporary FTE increases, new positions and overages.
 - ii. \$215,000 for 2.0 FTE Assistant Principals at Alder Creek Middle School and Truckee High School
 - b. Since the 45 Day Revise the following decreases have occurred:
 - i. \$107,500 decrease of 1.0 FTE Assistant Principal. 1.0 FTE Assistant Principal was already included in the adopted budget.
 - ii. Decrease of 1.0 FTE temporary Teacher on Special Assignment.
 - iii. Decrease of \$200,000 due to vacancy savings associated with late hires.
 - iv. \$150,000 temporary Decrease of 2.0 FTE teachers at various sites.
 - v. \$110,000 increase in certificated substitute costs.

- vi. \$70,000 increase for temporary nurse.
 - vii. \$223,000 in savings resulting from vacant positions filled at lesser salaries than originally budgeted.
 - viii. Remaining \$256,000 variance comprised of temporary staffing and extra duty, salary savings, 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 \$811,335 from the 2022 - 2023 45 Day Revision due to the following:
- a. At the 45 Day Revision the following were added:
 - i. \$386,000 in additional temporary FTE increases, new positions, and Special Education Instructional Assistants.
 - b. Since the 45 Day Revision the following decreases have occurred:
 - i. \$130,000 decrease from transportation vacancies
 - ii. \$210,000 decrease from custodial vacancies.
 - iii. \$175,000 decrease from Special Education Instructional Assistant vacancies.
 - iv. \$152,315 vacancy savings from various positions throughout the District
 - v. \$42,000 decrease in Career Technical Education support staffing.
 - vi. Remaining variance comprised of temporary staffing and extra duty decreases, 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 \$8,900 per year for employees only, \$10,300 per year for employees plus one, and \$14,100 per year for employees plus family. The First Interim benefits expenditures decreased by \$791,648 compared to the 2022 - 2023 45 Day Revision. The majority of this decrease can be attributed:
- a. At the 45 Day Revision the following were added:
 - i. \$453,000 in additional payroll liabilities and health and welfare benefits resulting from staffing additions..
 - b. Since the 45 Day Revision the following decreases have occurred:
 - i. \$791,648 decrease in payroll liabilities and health and welfare benefits due to vacancies, decreases in budgeted salaries and position changes.

4. **Books and Supplies** - The 2022 - 2023 First Interim budget for materials and supplies shows an overall increase of nearly \$372,520 when compared to 2022 - 2023 45 Day Revise. This change is a result of many positive and negative adjustments in different program resources. The following highlights the major changes in 2022 - 2023 for the books and supplies category:
 - a. Increase of \$22,088 for purchase of equipment (coolers, wash machine/dryers)
 - b. Increase of \$8,125 for purchase of bear proof trash enclosures
 - c. Increase of \$5,153 for purchase of classroom furniture for KBE classroom
 - d. Increase of \$20,000 for safety budget
 - e. Increase of \$7,500 for purchase of site custodial equipment supplies
 - f. Increase of \$7,500 to fuel expense in transportation
 - g. Increase of \$27,769 in Site Operation for carryover at Truckee High
 - h. Increase of \$130,000 to food service budget for purchase of food
 - i. Increase of \$100,000 to Lottery Instructional Material budget
 - j. Increase of \$250,000 for Arts and Music Instructional
 - k. Decrease of \$76,807 in Site Operational due to account reclassification
 - l. Decrease of \$42,288 in A-G Grant due to account reclassification
 - m. Decrease of \$20,628 for account reclassification

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 \$1,016,121 in services and operating expenditures when comparing the 2022 - 2023 45 Day revise to First Interim.
 - a. At the 45 Day Revise the following were added:
 - i. \$125,000 increase for contracted services and utilities.
 - b. Since the 45 Day Revise the following decreases have occurred:
 - i. \$129,727 increase for athletic travel and transportation
 - ii. \$140,956 increase in general travel and conferences associated with various professional development and program.
 - iii. \$27,000 decrease in chromebook insurance purchases.
 - iv. \$50,000 increase in utilities.
 - v. \$123,000 increase for salary study.
 - vi. \$130,000 increase for technology licenses and software.
 - vii. \$50,000 increase for phone system upgrades.
 - viii. \$46,108 for Title I carryover.
 - ix. \$52,856 for Educator Effectiveness budget re-allocation.
 - x. \$59,000 increase in Special Education and mental health contracted services.
 - xi. \$55,242 increase in Special Education Dispute Resolution funding.
 - xii. \$50,000 increase from Special Education Learning Recovery funding.
 - xiii. \$97,000 for temporary custodial services.

6. **Capital Outlay** - All building and capital improvements as well as large equipment purchases are within this category. The First Interim capital outlay budget increased by \$111,058 due to:
 - a. \$238,000 increase for security cameras encumbered in 2021 – 2022.
 - b. increase for sanding truck replacement.

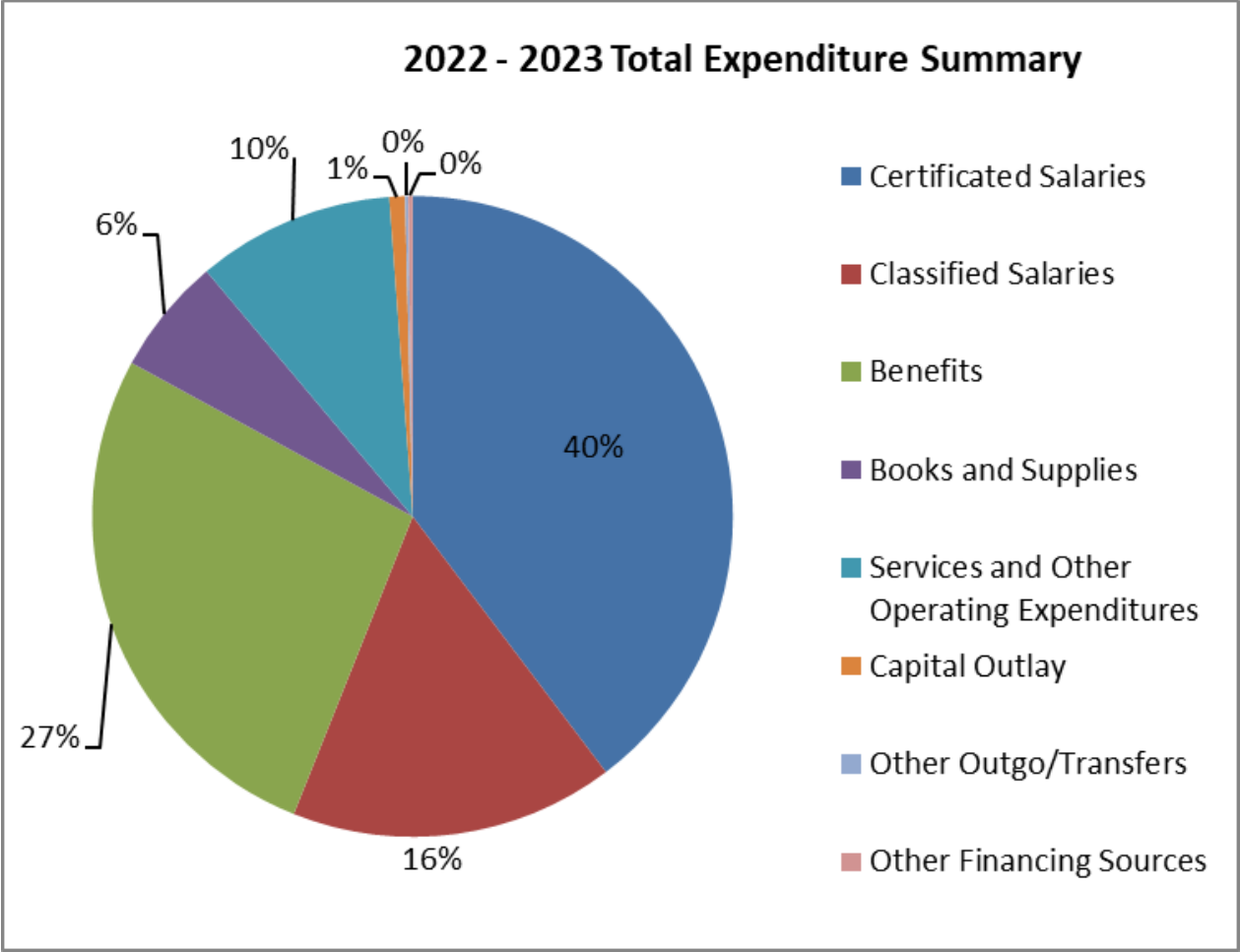
- c. \$126,942 decrease from budget re-allocation for non-capitalized equipment purchases.
7. **Other Outgo** - This category combines debt service payments and indirect costs (allowable transfers from restricted programs to the unrestricted general fund for providing administrative services). This category has decreased by \$146,045.
 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 decreased by \$682,026 at first interim. This is due to increased revenues in the food service program and grant funding received for our STEPP program.
 9. **Contributions** - These are the contributions from the unrestricted general fund to restricted general fund programs such as special education. There is an decrease to contributions in the amount of \$622,364 since the 45 Day Revise.
 - a. \$514,535 decrease to special education due to vacancy savings.
 - b. Decrease of \$107,829 to Measure AA.

Below is a table summarizing the expenditures for 2022 - 2023 Adopted Budget and the 2022 - 2023 First Interim budget.

**2022 - 2023 Adopted Budget, 45 Day Revise and First Interim
Unrestricted and Restricted Expenditures**

Expenditures	2022 - 2023 Adopted Budget	2022 - 2023 45 Day Revise	2022 - 2023 First Interim	Increase/ (Decrease) From 45 Day Revise
Certificated Salaries	\$ 32,922,906	\$ 33,431,615	\$ 33,103,039	\$ (328,576)
Classified Salaries	\$ 14,072,931	\$ 14,459,141	\$ 13,647,806	\$ (811,335)
Benefits	\$ 22,774,661	\$ 23,228,464	\$ 22,436,816	\$ (791,648)
Books and Supplies	\$ 4,558,225	\$ 4,558,225	\$ 4,930,745	\$ 372,520
Services and Other Operating Expenditure:	\$ 7,169,757	\$ 7,294,757	\$ 8,310,878	\$ 1,016,121
Capital Outlay	\$ 547,361	\$ 547,361	\$ 658,419	\$ 111,058
Other Outgo	\$ 395,812	\$ 395,812	\$ 249,767	\$ (146,045)
Transfers of Indirect Cost	\$ (147,986)	\$ (147,986)	\$ (119,781)	\$ 28,205
Other Financing Sources	\$ 867,806	\$ 867,806	\$ 185,780	\$ (682,026)
Contributions	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 83,161,473	\$ 84,635,195	\$ 83,403,469	\$ (1,231,726)

The chart on the next page 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 2022 - 2023 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 \$18,007,131 which represents 21.84% of total budgeted expenditures and other outgo. In addition to this reserve, there are estimated ending fund balances of \$11,662,148 in “Restricted” and \$1,738,549 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 \$2,323,726 from the 2022 - 2023 45 Day Revise mainly due to increased revenues and savings from the 2021 – 2022 fiscal year, increased property tax and food service revenues in 2022 – 2023, and substantial vacancy savings at First Interim. The fund balance amounts identified in the First Interim report under the Original Budget and 45 Day Revise columns were based on Estimated Actuals at the time of budget adoption and do not reflect 2021 – 2022 actuals. At the time of this report, the District has not yet settled salary negotiations. It is anticipated that the REU will decrease substantially once a settlement occurs.

**2022 - 2023 TTUSD Adopted Budget, 45 Day Revise and First Interim
Components of Ending Fund Balance**

Fund Balance	2022 - 2023 Original Budget	2022 - 2023 45 Day Revise	2022 - 2023 First Interim
Restricted	\$ 5,126,755	\$ 11,280,584	\$ 11,662,148
Unrestricted			
Reserve for Economic Uncertainty and Basic Aid	\$ 13,391,965	\$ 15,683,405	\$ 18,007,131
Reserve for Cash, Stores and Prepaid Expense	\$ 60,000	\$ 60,000	\$ 60,000
Designated (Inst. Materials Reserve, MAA, Bus and Tech Reserves)	\$ 1,614,609	\$ 1,614,609	\$ 1,738,549
Undesignated	\$ -		\$ -
Unrestricted Subtotal	\$ 15,066,574	\$ 17,358,014	\$ 19,805,680
Total Ending Balance	\$ 20,193,329	\$ 28,638,598	\$ 31,467,828
Reserve for Economic Uncertainty and Basic	16.10%	18.53%	21.59%

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 2022 - 2023 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 2023 - 2024 and 2.75% in 2024 - 2025.
- b. Increase to charter school in-lieu tax payment of \$102,551 in 2023 – 2024 and \$80,751 in 2024 - 2025.

- c. Mandated Block grant ongoing.
- d. No one-time discretionary funding from the State.
- e. COLA increases of 5.38 % in 2023 - 2024 and 4.02% in 2024 - 2025 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 \$200,000 ongoing.
- j. Routine Restricted Maintenance Account contributions increase \$65,000 in 2023 – 2024 and an additional \$50,000 in 2024 – 2025.
- k. Annual contribution to facilities program financing of \$250,000 ongoing.
- l. Increase of \$155,000 in bus pass sales in 2023 – 2024 restoring to pre-COVID levels.
- m. Increase of \$30,000 in interest earnings in 2023 – 2024 restoring to pre-COVID levels.

2. Expenditures

- a. No salary increases included.
- b. All vacancy savings and temporary position reductions added back into the 2023 – 2024 budget.
- c. Annual Step and Column increases of 1.8% for certificated staff and 2.2% for classified staff.
- d. CalSTRS Employer contribution rates at 19.10% in all out years.
- e. CalPERS Employer contribution rates at 25.2% in 2023 - 2024 and 24.60% in 2024 - 2025. This is a reduction of 0.53% in 2023 – 2024 and 0.60% in 2024 – 2025.
- f. Site operational funding included in all years.
- g. Addition of one TOSA in 2023 – 2024.
- h. Removal of Temporary Social Workers and Therapists in 2023 – 2024.
- i. Removal of additional Temporary Yard Duties in 2023 – 2024.
- j. Removal of additional Temporary Campus Monitors in 2024 – 2025.
- k. Transfer Summer Programs, Coordinator of Curriculum and Instruction and Assessment, Middle School Wellness Center staff, and TOSA coaches back to Unrestricted General Fund in 2023 – 2024.
- l. Bus Replacement in all years.
- m. Annual Chromebook replacement of \$309,000 in all years.
- n. Reduction to Food Service contribution of \$100,000 in 2023 – 2024 and \$100,000 in 2024 -2025.
- o. Attrition reductions of \$125,000 annually.
- p. EPA funds used for teacher salaries in all years.
- q. CTEIG funding of \$261,000 in out years.
- r. Contributions of \$639,052 in 2023 – 2024 and \$699,602 in 2024 – 2025 to Measure AA programs.
- s. \$94,500 staff computer replacement in 2023 – 2024.
- t. \$100,000 for technology upgrades funded partially with ERATE in 2024– 2025.
- u. \$150,000 instructional materials adoption in 2023 – 2024 and \$150,000 in 2024 – 2025.

- v. 2% annual increases in unrestricted materials and supplies purchases and services and other operating expenditures.
- w. No ESSER or ELO Grant funding after 2022 - 2023.
- x. Annual insurance increases of \$40,000.
- y. Additional 1.5 FTE and 2.0 FTE TK Teachers in 2023 – 2024 and 2024 – 2025, respectively.
- z. Additional 2.5 FTE and 3.0 FTE TK Instructional Assistants in 2023 – 2024 and 2024 – 2025, respectively.

The projection of multi-year ending fund balances is shown below:

**2022 - 2023 TTUSD First Interim
Multi-Year Projection Ending Fund Balances**

Fund Balance	2022 - 2023 Projected	2023 - 2024 Projected	2024 - 2025 Projected
Restricted	\$ 11,662,148	\$ 6,565,089	\$ 4,322,816
Unrestricted			
Reserve for Economic Uncertainty and Basic Aid	\$ 18,007,131	\$ 21,900,078	\$ 26,774,015
Reserve for Cash, Stores and Prepaid Expense	\$ 60,000	\$ 60,000	\$ 60,000
Designated (Inst. Materials Reserve, MAA, Bus and Tech Reserves)	\$ 1,738,549	\$ 1,800,932	\$ 1,955,120
Undesignated	\$ -	\$ -	\$ -
Unrestricted Subtotal	<u>\$ 19,805,680</u>	<u>\$ 23,761,011</u>	<u>\$ 28,789,135</u>
 Total Ending Balance	 \$ 31,467,828	 \$ 30,326,100	 \$ 33,111,951
 Reserve for Economic Uncertainty and Basic Aid	 21.84%	 27.22%	 33.35%