



**2022-2023
First Interim
Budget Report**

December 15, 2022

**MOUNTAIN VIEW-LOS ALTOS
UNION HIGH SCHOOL DISTRICT**

TO: Superintendent and Board of Trustees

SUBJECT: 2022-2023 First Interim Budget Report

DATE: December 15, 2022

The 2022-2023 First Interim Budget Report is submitted for your approval. This financial report is based on the latest information and best estimates and reflects the District's financial status as of October 31, 2022. Secured property tax revenue increased by 8.58 percent over the prior year, which is on target with the 8.5 percent growth that was forecast in the adopted budget. This growth reflects the extremely positive residential and commercial property assessed valuations within our District boundaries as well as Santa Clara County-wide. Unsecured property taxes currently show an increase of just under one percent, which equates to an increase of \$49,552. Unsecured taxes are based on actual collections, however, so it is typical to see a smaller number at this point of the year and for that revenue figure to improve as the year progresses. State revenue in the form of the Minimum State Aid (MSA) is flat from the prior year and continues at \$2,979,534. Revenue from the Mountain View Shoreline Community Educational Enhancement Reserve JPA agreement is \$3,425,027 which is above the guaranteed minimum of \$1,841,000 and more than the amount received in 2021-2022.

The budget includes an additional \$7.265 million in one-time state and federal funding, primarily to support the impact from COVID-19. This includes \$1,887,062 in Federal relief funds and \$5,378,308 in State relief funds. The vast majority of State funds are in the form of the Arts, Music and Instructional Materials Discretionary Block Grant (\$2,767,020) and the Learning Recover Emergency Block Grant (\$1,609,545). The State Educator Effectiveness Grant in 2021-2022 provided \$1,092,424 in revenue with expenditures to be spread over the subsequent five years. Although there is no new revenue for that grant in the current year, the available funds are including in the restricted beginning balance and the current years expenditures are included.

On the expenditure side of the General Fund budget, the \$1,546,506 increase in unrestricted expenditures is due to salary and benefits of additional staff hired after the start of the school year, mostly due to unanticipated employee leaves and increased substitute costs. Utility payments are the significant driver in the increase in operating services. The \$8,094,672 increase in restricted expenditures is tied to the one-time funding mentioned previously. A significant portion of these funds are being used to employ temporary staff on professional expert contracts to provide enhanced services to students. In addition, the current budget reflects one-time spending of \$1,389,869 in carryover of unspent restricted funds from 2021-2022. This occurs on an annual basis, when restricted funds, often in the form of donations or other restricted state dollars, are not exhausted in the prior year, resulting in a fund balance that carries forward to the next year.

As reported in our adopted budget, we have assigned a portion of our General Fund reserves to expend against future instructional material purchases. The remaining assigned fund balance is applied toward the reserve level set by board policy that calls for the state-required three-percent minimum plus two months of operating expenses.

This financial report also includes the other funds outside the General Fund, which are an integral part of the District's finances. Due to the combination of Federal and State funding for universal meals, the Cafeteria Fund is no longer supported by a contribution from the General Fund. This is the second straight year in which this is the case. Staff will continue to monitor this situation as the State funding for universal meals is new this year and is coordinated with the Federal Meals Program to supplement the cost.

The Adult Education Fund continues to be funded primarily by the Adult Education Block Grant, with a six percent increase from the prior year, which is based on the cost-of-living adjustment (COLA) calculated by the State. This report also shows the annual required contribution to the fund for Other Post-Employment Benefits (OPEB).

The final component to the 2022-2023 First Interim Budget Report is the multi-year projection (MYP). Included with this projection are the main assumptions that form the basis of the District's plan to meet its ongoing operational needs. Secured property tax growth is forecast at seven percent in 2023-2024 and five percent in 2024-2025. Projected enrollment decline reduces certificated staff by three in 2023-2024 and by one in 2024-2025. Salary schedules are increased by five percent in 2023-2024 as a result of a multi-year agreement with employee associations that was approved in 2021-2022. As there is no agreement for 2024-2025, no increase in salary schedules is included for that year. A \$400,000 placeholder is included in each year to account for anticipated, but yet to be identified, non-personnel cost increases to special education. Health and welfare increases are forecast at five percent each year.

We trust you find this First Interim Budget Report helpful in reviewing the current financial state of the District and determining its ability to maintain fiscal stability into the future.

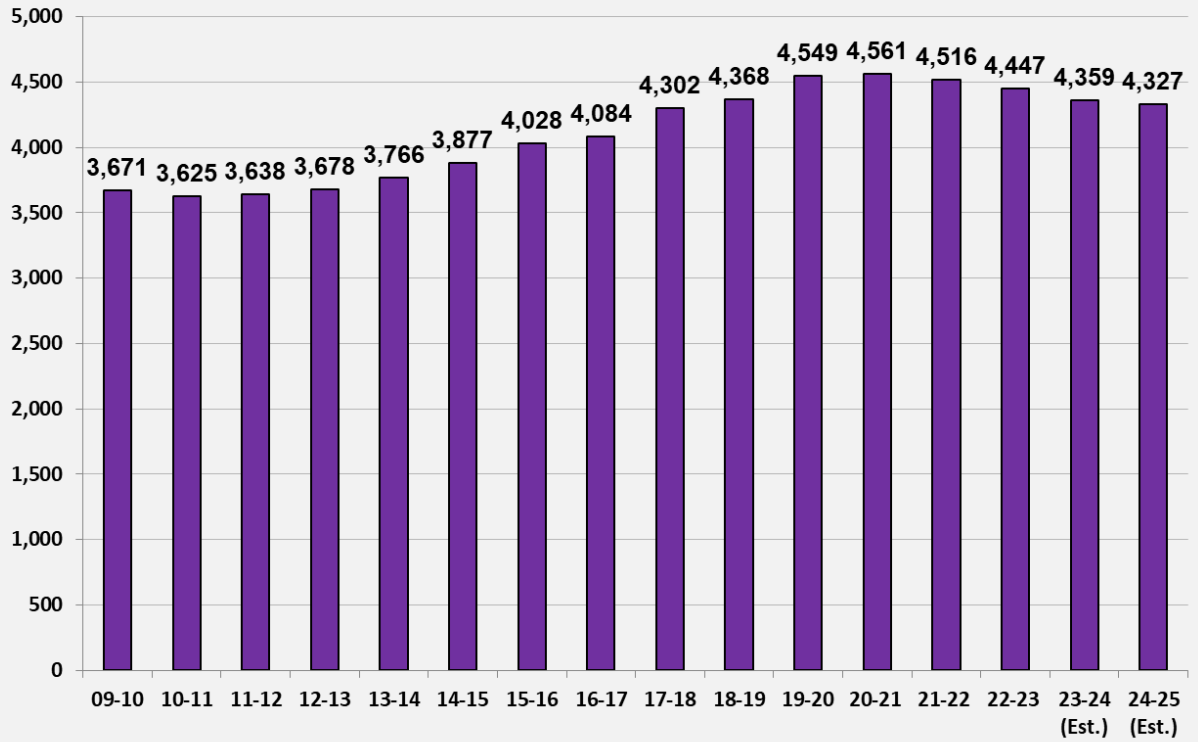


Mike Mathiesen
Associate Superintendent, Business Services



Elvis Lopez
Director Fiscal Services

CBEDS ENROLLMENT HISTORY



MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT

GENERAL FUND MULTI-YEAR PROJECTION

2022-2023 1st Interim

	2022-2023	2023-2024	2024-2025
Enrollment	4,447	4,359	4,327
Revenues:			
LCFF/Property Taxes	108,427,658	115,154,938	120,296,502
Federal Revenue	3,710,328	1,902,079	1,978,543
Other State Revenue	13,547,389	8,159,064	8,161,359
Other Local Revenue	8,328,454	8,378,454	8,428,454
Total Revenues	134,013,828	133,594,535	138,864,858
Expenditures			
Certificated Salaries	53,961,439	56,953,323	57,635,752
Classified Salaries	18,592,591	19,801,110	20,098,126
Employee Benefits	34,633,972	35,853,103	36,507,762
Books & Supplies	9,451,876	5,616,712	5,740,279
Operating Expenses	17,406,985	13,679,869	14,380,826
Capital Outlay	1,211,430	1,229,785	1,245,840
Other Outgo	290,000	290,000	290,000
Direct/Indirect Costs	(213,134)	(213,134)	(213,134)
Total Expenditures	135,335,159	133,210,767	135,685,452
Transfer In	-	-	-
Transfer Out	(133,050)	(184,670)	(232,149)
Contributions to Restricted	-	-	-
All Other Sources/Uses	-	-	-
Increase/(Decrease) In Fund Balance	(1,454,381)	199,098	2,947,256
Beginning Fund Balance	12,835,403	11,381,023	11,580,121
Non Spendable	10,000	10,000	10,000
Restricted	1,086,596	507,234	253,616
Committed	-	-	-
Assigned	6,220,380	7,061,023	10,186,233
Reserve for Econ. Uncertainty	4,064,046	4,001,863	4,077,528
Unassigned	-	-	-
Ending Fund Balance	11,381,023	11,580,121	14,527,377

MULTI-YEAR PROJECTION ASSUMPTIONS 2022 – 2025

- 2022-2023 budget is the basis for adjustments made in the subsequent two years.
- Enrollment is projected to decrease by 88 students in 2023-2024 and decrease by 32 students in 2024-2025. As a result, certificated staff is planned to decrease by three full-time equivalents (FTE) in 2023-2024 and one FTE in 2024-2025.
- Secured property tax growth is assumed to be 7.0% in 2023-2024 and 5.0% in 2024-2025. Zero percent (0%) growth is assumed for unsecured taxes.
- Revenue from the Shoreline Education Enhancement Reserve is budgeted at the current level of \$3,425,027 for 2023-2024 and 2024-2025, which is above the minimum guarantee of \$1,840,000.
- Salaries are increased to account for step and column movement each year. Statutory benefits for certificated staff are 21.55% for 2023-2024 and 21.55% for 2024-2025. Statutory benefits for classified staff are 33.85% for 2023-2024 and 35.25% for 2024-2025.
- Salary schedules are increased by 5% in 2023-2024 as a result of a multi-year agreement with employee associations that was approved in 2021-2022. As there is no agreement for 2024-2025, no increase in salary schedules is included for that year.
- CalSTRS (certificated retirement) is forecast at the current statutory rates of 19.10% for 2023-2024 and 19.10% for 2024-2025.
- CalPERS (classified retirement) is forecast at the current statutory rates of 25.2% for 2023-2024 and 24.6% for 2024-2025.
- Health and welfare costs to increase five percent each year in 2023-2024 and 2024-2025.
- CPI increases are applied to certain non-salary expenditures: 2.58% for 2023-2024 and 2.2% for 2024-2025.
- Routine restricted maintenance contribution is 3% of total General Fund expenditures (including transfers out) plus \$200,000.
- Net special education costs are increased by \$400,000 in each year for 2023-2024 and 2024-2025 to support student population needs.
- One-time revenue, and corresponding offsetting expenditures, from the following sources in 2022-2023 are not included in the 2023-2024 and 2024-2025 budget years:
 - Federal COVID Relief Funds - \$1,887,062
 - State COVID Relief Funds and One-Time Grants - \$5,378,308
- Educator Effectiveness Grant - \$253,616 in annual expenditures through 2025-2026, utilizing \$1,092,424 in revenue in 2021-2022
- One-time spending in 2022-2023 of \$1,389,869 in restricted fund carryover from 2021-2022 (federal/state dollars, donations) is not included in the 2023-2024 and 2024-2025 budget years.
- Reserve for Economic Uncertainty is a component of the unassigned balance and is calculated at the state-required minimum of 3%: \$4,001,863 in 2023-2024 and \$4,077,528 in 2024-2025.

GENERAL FUND

OTHER FUNDS