



**2022-2023  
Second Interim  
Budget Report**

**March 13, 2023**

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

**TO:** Superintendent and Board of Trustees

**SUBJECT:** 2022-2023 Second Interim Budget Report

**DATE:** March 13, 2023

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 January 31, 2023. Secured property tax revenue increased by 8.88 percent over the prior year, which is on target with the 8.5 percent growth that was forecast in the adopted budget. This figure is only slightly higher than was reported in the First Interim report and is due to a lowering of the countywide assessor roll corrections. The overall 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 6.39 percent, which equates to an increase of \$330,847. 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 continues to include 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 included in the restricted beginning balance and the current year expenditures are included. One significant change from the First Interim budget report is the addition of \$413,231 in transportation funding that is a reimbursement from the State due to a recently adopted State initiative to support school transportation costs. The funding level is based on a state-determined percentage of actual prior-year District transportation expenses.

On the expenditure side of the General Fund budget, unrestricted expenditures have increased \$381,971 for staffing costs due to additional unanticipated employee leaves and increased substitute costs. Utility payments are the significant driver in increased operating services. In addition, the current budget reflects a \$2,295,897 decrease in restricted expenditures. Historically, due to accounting guidance, we zero-out the restricted funds, indicating that restricted revenues will match restricted expenditures. However, due to the significant amount of recent one-time State and Federal funds, it is not realistic to spend all the money in the current year. Therefore, the budget shows an ending fund balance for restricted funds and those funds will be spent in subsequent years.

As reported in our Adopted Budget and First Interim Budget reports, 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 Second 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 ten percent each year, which is based on current industry trends.

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

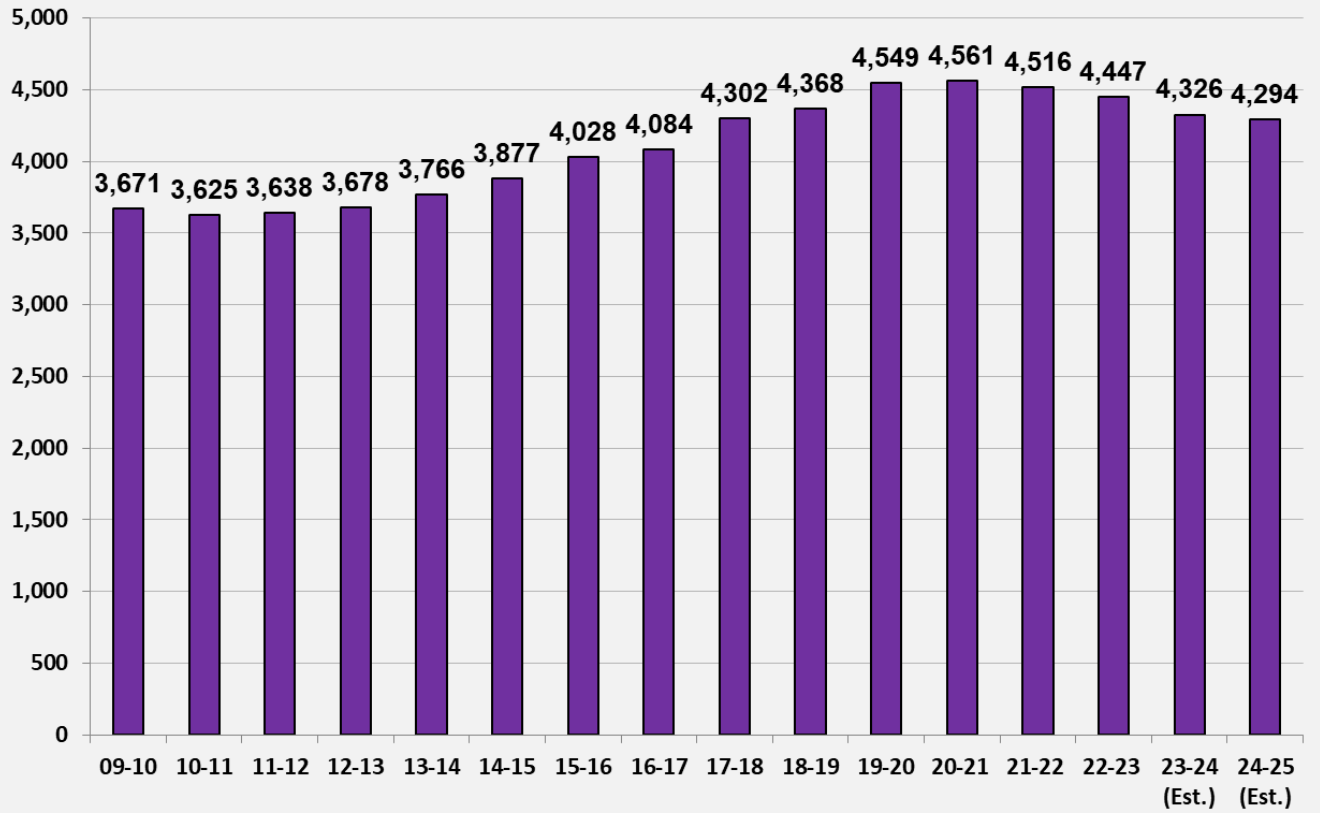


Mike Mathiesen  
Associate Superintendent, Business Services



Elvis Lopez  
Director Fiscal Services

## CBEDS ENROLLMENT HISTORY



**MOUNTAIN VIEW LOS ALTOS UNION HIGH SCHOOL DISTRICT  
GENERAL FUND MULTI-YEAR PROJECTION**

**2022-2023 2nd Interim**

	2022-2023	2023-2024	2024-2025
<b>Enrollment</b>	4,447	4,326	4,294
<b>Revenues:</b>			
LCFF/Property Taxes	109,078,556	115,824,596	120,980,498
Federal Revenue	3,736,686	1,959,374	2,028,736
Other State Revenue	13,854,011	8,405,503	8,406,557
Other Local Revenue	8,970,304	8,760,304	8,397,074
<b>Total Revenues</b>	<b>135,639,557</b>	<b>134,949,777</b>	<b>139,812,864</b>
<b>Expenditures</b>			
Certificated Salaries	54,007,865	57,002,766	57,685,938
Classified Salaries	18,757,091	19,976,302	20,275,947
Employee Benefits	35,124,509	36,966,296	38,311,535
Books & Supplies	8,610,619	6,457,900	5,228,890
Operating Expenses	15,917,641	13,919,090	13,296,755
Capital Outlay	1,937,930	1,978,795	2,012,832
Other Outgo	290,000	290,000	290,000
Direct/Indirect Costs	(206,170)	(206,170)	(206,170)
<b>Total Expenditures</b>	<b>134,439,486</b>	<b>136,384,980</b>	<b>136,895,726</b>
Transfer In	-	-	-
Transfer Out	(133,050)	(184,670)	(232,149)
Contributions to Restricted	-	-	-
All Other Sources/Uses	-	-	-
<b>Increase/(Decrease) In Fund Balance</b>	<b>1,067,021</b>	<b>(1,619,872)</b>	<b>2,684,989</b>
<b>Beginning Fund Balance</b>	<b>12,835,403</b>	<b>13,902,425</b>	<b>12,282,552</b>
Non Spendable	10,000	10,000	10,000
Restricted	3,323,022	507,234	253,617
Committed	-	-	-
Assigned	6,532,226	7,668,229	10,590,088
Reserve for Econ. Uncertainty	4,037,176	4,097,089	4,113,836
Unassigned	-	-	-
<b>Ending Fund Balance</b>	<b>13,902,425</b>	<b>12,282,552</b>	<b>14,967,541</b>

## **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 121 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 27.0% for 2023-2024 and 28.1% for 2024-2025.
- Health and welfare costs to increase ten percent each year in 2023-2024 and 2024-2025.
- CPI increases are applied to certain non-salary expenditures: 3.44% for 2023-2024 and 2.77% 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%: \$4,097,089 in 2023-2024 and \$4,113,836 in 2024-2025.

# **GENERAL FUND**

# **OTHER FUNDS**