



**2023-2024
First Interim
Budget Report**

December 15, 2023

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

TO: Superintendent and Board of Trustees

SUBJECT: 2023-2024 First Interim Budget Report

DATE: December 15, 2023

The 2023-2024 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, 2023. Secured property tax revenue increased by 6.57 percent over the prior year, which is just below the 7.0 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 six percent, which equates to an increase of \$338,603. Unsecured taxes are based on actual collections, 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 \$3,640,595 which is based on the extension to the agreement with the City of Mountain View and is \$208,500 more than the amount received in 2022-2023.

When compared with the Adopted Budget from June, the First Interim Budget includes an additional \$2,300,478 million in one-time state and federal funding. At the time of the Adopted Budget, the Governor's State Budget proposal indicated a reduction in much of this one-time funding for 2023-2024, and the District's budget reflected those planned reductions. Since that time, the State's approved budget-maintained funding levels close to the original amounts, without the planned reductions. The majority of the restored State funds are in the form of the Arts, Music and Instructional Materials Discretionary Block Grant (\$1,285,252). 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.

On the expenditure side of the General Fund budget, the \$384,051 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. Much of the \$3,226,684 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 \$1,271,814 in carryover of unspent restricted funds from 2022-2023. 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 third straight year in which no contribution is necessary. 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 four 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 2023-2024 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 five percent in 2024-2025 and five percent in 2025-2026. Projected enrollment decline reduces certificated staff by two in 2024-2025 and by three in 2025-2026. Salary negotiations with the district's employee associations are ongoing. As there is no agreement for 2024-2025 and beyond, no increase in salary schedules is included for the 2024-2025 and 2025-2026 fiscal years. 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.

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.

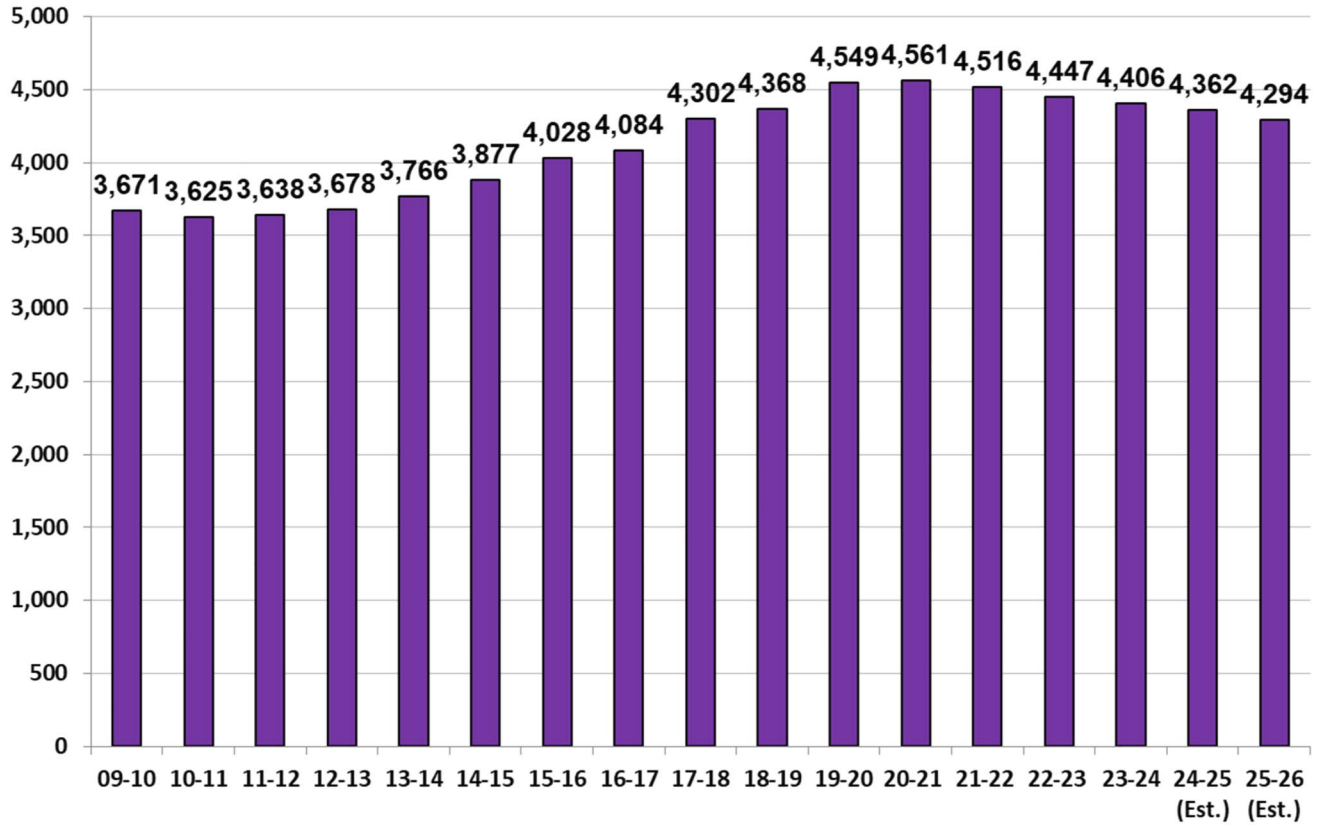


Mike Mathiesen
Associate Superintendent, Business Services



Elvis Lopez
Director Fiscal Services

CBEDS ENROLLMENT HISTORY



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

2023-2024 1st Interim

	2023-2024	2024-2025	2025-2026
Enrollment	4,406	4,362	4,294
Revenues:			
LCFF/Property Taxes	116,534,053	121,687,853	127,099,343
Federal Revenue	1,872,163	1,890,885	1,909,794
Other State Revenue	9,842,472	7,298,507	7,269,751
Other Local Revenue	9,213,587	8,937,718	8,661,849
Total Revenues	137,462,275	139,814,963	144,940,737
Expenditures			
Certificated Salaries	56,031,598	56,158,641	56,479,083
Classified Salaries	21,675,557	22,000,690	22,330,701
Employee Benefits	36,812,186	38,065,099	39,355,868
Books & Supplies	6,288,841	4,120,309	4,229,085
Operating Expenses	16,933,167	16,989,006	17,837,516
Capital Outlay	1,724,207	1,769,178	1,809,549
Other Outgo	270,000	270,000	270,000
Direct/Indirect Costs	(245,473)	(245,473)	(245,473)
Total Expenditures	139,490,082	139,127,451	142,066,329
Transfer In	-	-	-
Transfer Out	(184,670)	(232,149)	(297,534)
Contributions to Restricted	-	-	-
All Other Sources/Uses	-	-	-
Increase/(Decrease) In Fund Balance	(2,212,476)	455,363	2,576,874
Beginning Fund Balance	17,561,032	15,348,556	15,803,919
Non Spendable	13,700	13,700	13,700
Restricted	1,958,952	249,234	(0)
Committed	-	-	-
Assigned	9,185,661	11,360,196	14,096,177
Reserve for Econ. Uncertainty	4,190,243	4,180,788	4,270,916
Unassigned	-	-	-
Ending Fund Balance	15,348,556	15,803,919	18,380,793

MULTI-YEAR PROJECTION ASSUMPTIONS 2023 – 2026

- 2023-2024 budget is the basis for adjustments made in subsequent two years.
- Enrollment is projected to decrease by 44 students in 2024-2025 and decrease by 68 students in 2025-2026. As a result, certificated staff is planned to decrease by two full-time equivalents (FTE) in 2023-2024 and three FTE in 2024-2025.
- Secured property tax growth is assumed to be 5.0% for 2024-2025 and 5.0% for 2025-2026. Zero percent (0%) growth is assumed for unsecured taxes.
- Revenue from the Shoreline Education Enhancement Reserve is budgeted at \$3,640,595 for 2024-2025 and 2025-2026.
- Salaries are increased to account for step and column movement each year. Statutory benefits for certificated staff are 21.85% for 2024-2025 and 21.85% for 2025-2026. Statutory benefits for classified staff are 36.64% for 2024-2025 and 37.24% for 2024-2025.
- CalSTRS rate (certificated retirement) forecast at current statutory rate of 19.10% for 2024-2025, and 19.10% for 2025-2026.
- CalPERS rate (classified retirement) forecast at current statutory rates of 27.70% for 2024-2025, and 28.30% for 2025-2026.
- Health and welfare costs to increase by 10% each year for 2024-2025 and 2025-2026.
- CPI increases applied to certain non-salary expenditures: 3.03% for 2024-2025, and 2.64% for 2025-2026.
- 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 2024-2025 and 2025-2026 to support student population needs.
- Economic uncertainty is a component of the unassigned balance and is calculated at the state-required minimum of 3%: \$4,180,780 for 2024-2025 and \$4,270,916 for 2025-2026.

GENERAL FUND

OTHER FUNDS