

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

FINANCIAL STATEMENTS

June 30, 2023

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT

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MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mountain View-Los Altos Union High School District
Mountain View, California

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain View-Los Altos Union High School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mountain View-Los Altos Union High School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain View-Los Altos Union High School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mountain View-Los Altos Union High School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain View-Los Altos Union High School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mountain View-Los Altos Union High School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mountain View-Los Altos Union High School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 11 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 54 to 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountain View-Los Altos Union High School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023 on our consideration of Mountain View-Los Altos Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mountain View-Los Altos Union High School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mountain View-Los Altos Union High School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 13, 2023

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This management's discussion and analysis of Mountain View-Los Altos Union High School District's (MVLA) financial performance provides an overall review of the District's financial activities for the fiscal year that ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights (in thousands) for 2022-2023 are as follows:

- Total net position is \$72,479 which represents an increase of \$22,596 from June 30, 2022 to June 30, 2023. This total change incorporates the effect of implementing Governmental Accounting Standards Board (GASB) Standard No. 84, which now reports the Student Activity Fund as a special revenue fund of the District, instead of just as Fiduciary Activities.
- Property taxes accounted for \$132,217 (General Fund - \$105,812 and Debt Service Fund - \$26,405) which is 76% of all revenues. Program specific revenues in the form of operating grants, state aid, contributions, and charges for services accounted for \$42,560 or 24% of the total revenues of \$174,777.
- The District had \$152,182 in total expenses of which direct instructional services and pupil services were 75% of that total expenditure.
- Total capital assets in the governmental activities funds increased by \$37,363 or 16% from June 30, 2022 to June 30, 2023.

Using the Audited Financial Statements

These audited financial statements consist of basic financial statements, notes to the basic financial statements, supplementary information, and required supplementary information. These statements are organized so the reader can understand Mountain View-Los Altos Union High School District as a financial whole, an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities comprise the District-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Mountain View-Los Altos Union High District, the General Fund is by far the most significant fund.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Overview of the Financial Statements

The audited financial statements are a product of three separate parts: the basic financial statements, supplementary information, and this section, Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, District-wide and funds.

- District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

District-wide Financial Statements: Statement of Net Position and Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2022-2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business-type activities.

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Reporting the District's Most Significant Funds

Fund Financial Statements

The Fund Financial Statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 2023 compared to June 2022.

**Table 1
District Combined Net Position
Governmental Activities
(In Thousands)**

	<u>22-23</u>	<u>21-22</u>	<u>Variance</u>
Current and Other Assets	\$ 168,170	\$ 201,136	\$ (32,966)
Capital Assets	\$ 277,476	\$ 240,114	\$ 37,362
Total Assets	<u>\$ 445,646</u>	<u>\$ 441,250</u>	<u>\$ 4,396</u>
Deferred Outflows	\$ 31,952	\$ 24,187	\$ 7,765
Current Liabilities	\$ 14,059	\$ 11,018	\$ 3,041
Long Term Debt	\$ 378,511	\$ 360,265	\$ 18,246
Total Liabilities	<u>\$ 392,570</u>	<u>\$ 371,283</u>	<u>\$ 21,287</u>
			\$ -
Deferred Inflows of Resources	\$ 12,549	\$ 44,271	\$ (31,722)
Capital Assets, Net of Debt	\$ 99,549	\$ 86,884	\$ 12,665
Restricted	\$ 48,188	\$ 41,595	\$ 6,593
Unrestricted	\$ (75,258)	\$ (78,595)	\$ 3,337
Net Position	<u>\$ 72,479</u>	<u>\$ 49,883</u>	<u>\$ 22,596</u>

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Table 2 shows the changes in governmental activities for fiscal years 2022-2023 and 2021-2022.

**Table 2
Changes in Governmental Activities
(In Thousands)**

Revenues:	<u>22-23</u>	<u>21-22</u>	<u>Variance</u>
General			
Federal & State Aid Unrestricted	\$ 5,345	\$ 4,759	\$ 586
Taxes & Subventions	\$ 132,217	\$ 115,676	\$ 16,541
Other	\$ 7,168	\$ 5,144	\$ 2,024
Program			
Charges for Services	\$ 1,799	\$ 1,372	\$ 427
Operating Grants & Contributions	\$ 28,248	\$ 28,723	\$ (475)
Total Revenue	<u>\$ 174,777</u>	<u>\$ 155,674</u>	<u>\$ 19,103</u>
			\$ -
Expenses:			\$ -
Instructional	\$ 99,366	\$ 90,404	\$ 8,962
Pupil Services	\$ 14,819	\$ 11,859	\$ 2,960
General Administration	\$ 11,634	\$ 9,934	\$ 1,700
Plant Services	\$ 10,030	\$ 7,879	\$ 2,151
Other	\$ 16,333	\$ 18,187	\$ (1,854)
Total Expenses	<u>\$ 152,182</u>	<u>\$ 138,263</u>	<u>\$ 13,919</u>
			\$ -
Increase (Decrease in Net Position)	<u>\$ 22,595</u>	<u>\$ 17,411</u>	<u>\$ 5,184</u>

Property taxes made up 76% of revenues for governmental activities for the Mountain View-Los Altos Union High School District for fiscal year 2022-2023.

Direct Instruction Costs comprise 65% of District expenses. Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-related Services include the activities involved with assisting staff with the content and process of teaching pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services, and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Ancillary Services includes the operation of non-instructional services such as food service operations as well as costs related to interest on long-term debt and other financing costs.

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District's Funds

The District's governmental funds report a combined fund balance of \$158,378 which is a decrease of \$33,967 from last year's total of \$192,345. Table 3 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

**Table 3
Fund Balances
(In Thousands)**

	22-23	21-22	Variance
General	\$ 32,003	\$ 26,970	\$ 5,033
Building	\$ 84,630	\$ 127,932	\$ (43,302)
Bond Interest and Redemption	\$ 28,579	\$ 26,047	\$ 2,532
Other Governmental Funds	\$ 13,165	\$ 11,396	\$ 1,769
TOTAL	<u>\$ 158,378</u>	<u>\$ 192,345</u>	<u>\$ (33,967)</u>

In 2022-2023, the General Fund balance increased by \$5,033. This increase is largely attributed to our one-time State and Federal Covid relief funds.

The Building Fund balance decreased as a result of expenditures incurred for the District's Measure E bond construction projects.

The Bond Interest and Redemption Fund balance increased due to debt service requirements on the District's Measure E Bonds.

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

General Fund Budgeting Highlights

The District's budget is prepared according to California law and is based on the modified accrual basis of accounting. During the course of the 2022-2023 fiscal year, the District revised its General Fund budget twice: once in December based on October 31, 2022, data, and a second time in March based on January 31, 2023 data.

The District settled with both bargaining unit associations for fiscal year 2022-2023. The District negotiated a 5% on schedule salary increase. Secured property taxes grew and overall tax revenues experienced 9.08% growth.

Finally, it should be noted that the District maintains a 3% reserve for economic uncertainties, and maintains all facilities in excellent condition.

Capital Assets

At the end of the fiscal year 2022-2023, the District had \$277,477 invested in land, buildings, furniture and equipment, and vehicles.

Table 4 shows June 2023 balances compared to June 2022.

**Table 4
Capital Assets (Net of Depreciation) at June 30, 2023
(In Thousands)**

	<u>22-23</u>	<u>21-22</u>	<u>Variance</u>
Land	\$ 1,979	\$ 1,979	0
Site Improvements	\$ 43,078	\$ 40,535	2,543
Buildings	\$ 229,238	\$ 226,282	2,956
Equipment	\$ 4,981	\$ 4,791	190
Work In Progress	\$ 92,138	\$ 51,022	41,116
Accumulated Depreciation	\$ (94,462)	\$ (85,282)	(9,180)
Lease	\$ 524	\$ 786	(262)
Total	<u>\$ 277,476</u>	<u>\$ 240,113</u>	<u>\$ 37,363</u>

Overall capital assets increased \$37,363 from fiscal year 2021-2022 to fiscal year 2022-2023 due to the ongoing construction projects taking place on both the Mountain View High School and Los Altos High School campuses.

**Mountain View-Los Altos Union High School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Long-Term Debt

The notes to Basic Financial Statements, number 5, shows the outstanding indebtedness of the District. Note number 5 also highlights the additions and deletions that have transpired during the year.

Factors Bearing on the District's Future

As a Basic Aid District, property tax revenue and enrollment growth have the greatest impact on the financial health of the District. Secured property tax growth is forecasted for year 2023-2024 to be 7%, which reflects the extremely positive residential and commercial asset valuations that are within the District's boundaries as well as Santa Clara County-wide. The District is forecasting 5% growth in 2024-2025 and 5% in 2025-2026. Unsecured property taxes are conservatively forecasted at zero percent growth. The Local Control Funding Formula (LCFF) is the funding model for education in California. The LCFF was incorporated into the state budget but does not add or reduce revenue the District currently receives from the state in the form of the Minimum State Aid (MSA). The MVLA Education Foundation continues to support the District with their pledge of \$2.416 million. The District received \$5.839 million in revenue in the current year and \$3.423 million annually related to the District's Shoreline Education Enhancement Reserve JPA with the city of Mountain View. A new negotiated MOU for Shoreline is being negotiated which will go until June 30, 2027 and could increase our annual revenue from Shoreline.

Measure "E"

In June of 2018, MVLA passed a new \$295 million bond measure (Measure "E"). The first \$100 million of bonds were issued in August of 2018. Another \$100 million of bonds were issued in July of 2020. A third round of bonds were issued on June 2022 in the amount of \$68 million. The District is actively working on the much-needed expansion of all district sites in order to provide the needed classroom space to house the projected enrollment growth.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Mr. Mike Mathiesen, Associate Superintendent, Business Services, Mountain View-Los Altos Union High School District, 1299 Bryant Ave., Mountain View, CA, 94040.

BASIC FINANCIAL STATEMENTS

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 163,623,881
Receivables	3,582,674
Prepaid expenses	959,180
Stores inventory	3,963
Non-depreciable capital assets (Note 4)	94,116,443
Depreciable capital assets, net of accumulated depreciation and amortization (Note 4)	<u>183,360,131</u>
Total assets	<u>445,646,272</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	31,266,022
Deferred outflows of resources - OPEB (Note 6)	<u>686,039</u>
Total deferred outflows of resources	<u>31,952,061</u>
LIABILITIES	
Accounts payable	12,807,036
Unearned revenue	1,252,151
Long-term liabilities (Note 5):	
Due within one year	19,230,368
Due after one year	<u>359,280,790</u>
Total liabilities	<u>392,570,345</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 8 and 9)	10,933,000
Deferred inflows of resources - OPEB (Note 6)	<u>1,616,089</u>
Total deferred inflows of resources	<u>12,549,089</u>
NET POSITION	
Net investment in capital assets	99,549,352
Restricted:	
Legally restricted programs	11,748,856
Capital projects	6,432,530
Debt service	28,579,163
Self-insurance	1,431,854
Unrestricted	<u>(75,262,856)</u>
Total net position	<u>\$ 72,478,899</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 82,302,446	\$ 18,692	\$ 9,273,328	\$ (73,010,426)
Instruction-related services:				
Supervision of instruction	5,079,872	4,489	1,270,604	(3,804,779)
Instructional library, media and technology	1,464,113	-	33,218	(1,430,895)
School site administration	10,519,826	90	2,147,252	(8,372,484)
Pupil services:				
Home-to-school transportation	1,011,562	-	-	(1,011,562)
Food services	2,189,046	4,495	2,266,142	81,591
All other pupil services	11,618,002	7,380	2,696,665	(8,913,957)
General administration:				
Data processing	3,544,307	-	33,040	(3,511,267)
All other general administration	8,090,149	473	562,115	(7,527,561)
Plant services	10,029,858	-	500,657	(9,529,201)
Ancillary services	6,177,554	-	3,784,780	(2,392,774)
Interest on long-term liabilities	10,135,672	-	-	(10,135,672)
Other outgo	20,000	1,763,526	5,679,886	7,423,412
Total governmental activities	\$ 152,182,407	\$ 1,799,145	\$ 28,247,687	(122,135,575)

General revenues:

 Taxes and subventions:

Taxes levied for general purposes	105,811,981
Taxes levied for debt service	26,405,476
Federal and state aid not restricted to specific purposes	5,345,103
Interest and investment earnings	1,018,710
Interagency transfers	4,522,663
Miscellaneous	1,626,958

Total general revenues 144,730,891

Change in net position 22,595,316

Net position, July 1, 2022 49,883,583

Net position, June 30, 2023 \$ 72,478,899

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General <u>Fund</u>	Building <u>Fund</u>	Bond Interest and Redemption <u>Fund</u>	All Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 32,527,701	\$ 88,505,882	\$ 28,436,976	\$ 11,313,562	\$ 160,784,121
Cash awaiting deposit	-	-	-	700	700
Cash on hand and in banks	10,000	-	-	1,807,606	1,817,606
Revolving cash fund	13,700	-	-	500	14,200
Receivables	2,475,501	740,814	142,187	215,791	3,574,293
Prepaid expenditures	959,180	-	-	-	959,180
Due from other funds	204,016	-	-	147,639	351,655
Stores inventory	-	-	-	3,963	3,963
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 36,190,098</u>	<u>\$ 89,246,696</u>	<u>\$ 28,579,163</u>	<u>\$ 13,489,761</u>	<u>\$ 167,505,718</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,295,845	\$ 4,616,372	\$ -	\$ 118,273	\$ 7,030,490
Unearned revenue	1,249,315	-	-	2,836	1,252,151
Due to other funds	641,523	-	-	203,351	844,874
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>4,186,683</u>	<u>4,616,372</u>	<u>-</u>	<u>324,460</u>	<u>9,127,515</u>
Fund balances:					
Nonspendable	972,880	-	-	4,463	977,343
Restricted	5,016,085	84,630,324	28,579,163	13,160,838	131,386,410
Assigned	22,131,647	-	-	-	22,131,647
Unassigned	3,882,803	-	-	-	3,882,803
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>32,003,415</u>	<u>84,630,324</u>	<u>28,579,163</u>	<u>13,165,301</u>	<u>158,378,203</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 36,190,098</u>	<u>\$ 89,246,696</u>	<u>\$ 28,579,163</u>	<u>\$ 13,489,761</u>	<u>\$ 167,505,718</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balances - Governmental Funds \$ 158,378,203

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$372,462,736 and the accumulated depreciation and amortization was \$94,986,162 (Note 4). 277,476,574

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2023 consisted of (Note 5):

General Obligation Bonds	\$ (242,417,932)	
Accreted interest	(22,517,351)	
Unamortized premiums	(20,139,614)	
Lease liability	(611,850)	
Certificate of Participation	(1,315,000)	
Total OPEB liability (Note 6)	(3,283,503)	
Net pension liability (Notes 8 and 9)	(87,732,000)	
Compensated absences	<u>(493,908)</u>	(378,511,158)

In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. (5,699,546)

In the governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 8 and 9).

Deferred outflows of resources relating to pensions	\$ 31,266,022	
Deferred outflows of resources relating to OPEB	686,039	
Deferred inflows of resources relating to pensions	(10,933,000)	
Deferred inflows of resources relating to OPEB	<u>(1,616,089)</u>	19,402,972

Internal service funds are used to conduct certain activities or which costs are charges to other funds on a full cost recovery basis. Net position for the Self-Insurance Fund is: 1,431,854

Total net position - governmental activities \$ 72,478,899

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control					
Funding Formula (LCFF):					
State apportionment	\$ 3,818,882	\$ -	\$ -	\$ -	\$ 3,818,882
Local sources	105,698,631	-	-	-	105,698,631
Total LCFF	109,517,513	-	-	-	109,517,513
Federal sources	3,584,625	-	-	752,899	4,337,524
Other state sources	11,414,192	-	42,324	5,781,875	17,238,391
Other local sources	9,811,028	2,565,886	26,694,935	5,950,668	45,022,517
Total revenues	134,327,358	2,565,886	26,737,259	12,485,442	176,115,945
Expenditures:					
Current:					
Certificated salaries	53,936,743	-	-	1,815,537	55,752,280
Classified salaries	18,716,362	-	-	1,747,336	20,463,698
Employee benefits	34,611,737	-	-	1,633,389	36,245,126
Books and supplies	4,377,317	-	-	4,762,143	9,139,460
Contract services and operating expenditures	16,146,992	-	-	456,585	16,603,577
Other outgo	20,000	-	-	-	20,000
Capital outlay	1,436,269	45,788,761	-	16,200	47,241,230
Debt service:					
Principal retirement	234,077	-	14,685,388	110,000	15,029,465
Interest	26,885	-	9,520,032	40,963	9,587,880
Total expenditures	129,506,382	45,788,761	24,205,420	10,582,153	210,082,716
Excess (deficiency) of revenues over (under) expenditures	4,820,976	(43,222,875)	2,531,839	1,903,289	(33,966,771)
Other financing sources (uses):					
Transfers in	212,651	-	-	78,369	291,020
Transfers out	-	(78,369)	-	(212,651)	(291,020)
Total other financing sources (uses)	212,651	(78,369)	-	(134,282)	-
Net change in fund balances	5,033,627	(43,301,244)	2,531,839	1,769,007	(33,966,771)
Fund balances, July 1, 2022	26,969,788	127,931,568	26,047,324	11,396,294	192,344,974
Fund balances, June 30, 2023	\$ 32,003,415	\$ 84,630,324	\$ 28,579,163	\$ 13,165,301	\$ 158,378,203

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUNDS BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances - Total Governmental Funds	\$ (33,966,771)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	46,804,957
Depreciation and amortization of capital assets is an expense that not recorded in the governmental funds (Note 4).	(9,442,028)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the the long-term liabilities in the statement of net position (Note 5).	15,029,465
Accreted interest is an expense that is not recorded in the governmental funds (Note 5).	17,405
In the governmental funds, debt premiums are recognized as other financing sources. In the statement of activities, debt issued at a premium is amortized as interest over the life of the related debt (Note 5).	1,647,328
In the governmental funds, OPEB expense is recognized when employer contributions are made. In the statement of activities, OPEB expense is recognized on the accrual basis.	(53,228)
In the governmental funds, expenditures related to compensated absences are measured by the amount of financial resources used. In the statement of activities, expenses are measured by the amounts earned during the year (Note 5).	53,230
In the governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, is it recognized in the period that it is incurred.	(2,239,410)
In the governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was.	4,547,291
Internal service funds are used to conduct certain activities or which costs are charged to other funds on a full cost-recovery basis. Change in net position for the Self-Insurance Fund is:	<u>197,077</u>
Change in net position of governmental activities	<u>\$ 22,595,316</u>

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND
June 30, 2023

ASSETS

Current assets:

Cash in County Treasury	\$ 958,729
Cash with Fiscal Agent	48,525
Receivables	8,381
Due from other funds	<u>493,884</u>

Total current assets 1,509,519

LIABILITIES

Current liabilities:

Accounts payable	77,000
Due to other funds	<u>665</u>

Total current liabilities 77,665

NET POSITION

Restricted for self-insurance \$ 1,431,854

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
FUND NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2023

Operating revenues:	
Self-insurance premiums	\$ 969,100
Operating expenses:	
Employee benefits	726,058
Professional consulting and services	<u>70,825</u>
Total operating expense	<u>796,883</u>
Operating income	172,217
Non-operating income:	
Interest income	<u>24,860</u>
Change in net position	197,077
Net position, July 1, 2022	<u>1,234,777</u>
Net position, June 30, 2023	<u><u>\$ 1,431,854</u></u>

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 941,744
Cash paid for employee benefits	(726,058)
Cash paid for professional consulting and services	<u>(79,176)</u>
Net cash provided by operating activities	136,510
 Cash flows from investing activities:	
Interest income received	<u>24,860</u>
Change in cash in County Treasury	161,370
Cash in County Treasury, July 1, 2022	<u>797,359</u>
Cash in County Treasury, June 30, 2023	<u><u>\$ 958,729</u></u>
 Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 172,217
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in receivables	(6,023)
Increase in due from other funds	(21,998)
Increase in due to other funds	665
Decrease in accounts payable	<u>(8,351)</u>
Net cash provided by operating activities	<u><u>\$ 136,510</u></u>

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2023

	<u>Trust Fund</u> <u>Scholarship</u> <u>Fund</u>
ASSETS	
Cash on hand and in bank (Note 2)	\$ 16,733
NET POSITION	
Restricted for scholarships	\$ 16,733

See accompanying notes to financial statements.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2023

	Scholarship Fund
Net position, July 1, 2022	\$ 16,733
Net position, June 30, 2023	<u>\$ 16,733</u>

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mountain View-Los Altos Union High School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Trustees is the level of government which has governance responsibilities over all activities related to public school education in the Mountain View-Los Altos Union High School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District and Mountain View-Los Altos Union High School District Financing Corporation (the "Corporation") have a financial and operational relationship which meet the reporting entity definition criteria of Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a blended component unit of the District. Therefore, the financial activities of the Corporation have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, as amended by criteria:

A - Manifestations of Oversight

1. The Corporation's Board of Directors were appointed by the District's Board of Trustees.
2. The Corporation has no employees. The District's Superintendent and Associate Superintendent function as agents of the Corporation. Neither individual received additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

B - Accounting for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
2. Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Scope of Public Service and Financial Presentation

1. The Corporation was created for the sole purpose of financially assisting the District.
2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation facilities. When the Corporation's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all Corporation property will pass to the District for no additional consideration.
3. The Corporation's financial activity is included in the basic financial statements in the Capital Facilities Funds. Certificates of Participation issued by the Corporation are included in the government-wide financial statements.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues - Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses - The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. For financial reporting purposes, the current year activity and year-end balances of the Special Reserve for Other than Capital Outlay Projects and Special Reserve for Postemployment Benefits Funds are included in the General Fund.

The Building Fund is a capital projects fund used to account for the accumulation and expenditure of resources used for the acquisition or construction of capital facilities by the District.

The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

B - Other Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This classification includes the Student Activity, Adult Education and Cafeteria Funds.

Capital Projects funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Capital Facilities and Special Reserve for Capital Outlay Funds.

The Self-Insurance Fund is an internal service fund used to account for services rendered on a cost-reimbursement basis within the District. The Self-Insurance Fund is used to provide benefits to District employees.

The Trust Fund is a trust fund for to account for assets held by the District as trustee. The District operates one Trust Fund, the Scholarship Fund, which is to provide financial assistance to students of the District.

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting: By state law, the Board of Trustees must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Trustees complied with these requirements.

Operating Revenues: Operating revenues are those revenues that are generated directly from the primary activity of the District's internal service fund, the Self-Insurance Fund. For the District, this includes Insurance Premiums recorded on a cost-reimbursement basis from the District. All revenues not meeting this definition within the internal service fund are reported as nonoperating revenues.

Receivables: Receivables are made up primarily of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was necessary as of June 30, 2023.

Stores Inventory: Inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as an expenditure at the time individual inventory items are withdrawn for use in operations or meal production.

Capital Assets: Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

Deferred Outflows and Deferred Inflows of Resources: In addition to assets, the Statement of Net Position includes a section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditure) until then. The District has recognized deferred outflows of resources related to the recognition of the net pension liability and total OPEB liability.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of the net pension liability and total OPEB liability.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of pension amounts in aggregate as of June 30, 2023:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 18,358,946	\$ 12,907,076	\$ 31,266,022
Deferred inflows of resources	<u>\$ 9,867,000</u>	<u>\$ 1,066,000</u>	<u>\$ 10,933,000</u>
Net pension liability	<u>\$ 53,304,000</u>	<u>\$ 34,428,000</u>	<u>\$ 87,732,000</u>
Pension expense	<u>\$ 8,901,611</u>	<u>\$ 4,824,048</u>	<u>\$ 13,725,659</u>

Compensated Absences: Compensated absences benefits in the amount of \$493,908 are recorded as a liability as of June 30, 2023. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees when the employee retires.

Leases: From time to time, the District may enter into agreements as a lessee for leases of equipment for District use. Upon entering into a lease agreement as lessee, the District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Santa Clara bills and collects taxes for the District. Tax revenues are recognized by the District when received.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.
3. Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - Nonspendable Fund Balance: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance: The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2023, the District had no committed fund balances.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. While the Board of Trustees has empowered members of management to suggest individual amounts to be assigned, as of June 30, 2023 no formal designation of assignment authority has occurred and the Board of Trustees retains ultimate authority for assigning fund balance.

E - Unassigned Fund Balance: In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2023, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

New Accounting Pronouncements: In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 defines a subscription-based information technology arrangement and requires the recognition of a right to use subscription asset and corresponding subscription liability. This statement was effective for fiscal years beginning after June 15, 2022. There was no impact to the District's July 1, 2022 net position as a result of the implementation of GASB Statement No. 96.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled Funds:		
Cash in County Treasury	\$ 161,742,850	\$ -
Cash awaiting deposit	700	-
Deposits:		
Cash on hand and in banks	1,817,606	16,733
Revolving cash fund	14,200	-
Cash with Fiscal Agent	48,525	-
	\$ 163,623,881	\$ 16,733

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Santa Clara County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. As of June 30, 2023, the carrying amount of the District's accounts was \$1,848,539 and the bank balances totaled \$2,030,071. Bank balances were insured for \$266,733, and \$1,763,338 remained uninsured, but was collateralized.

Cash with Fiscal Agent: Cash with Fiscal Agent in the Self-Insurance Fund represents cash balances held by various financial institutions for the payment of retentions and pre-funding of dental claims. The cash balances are fully collateralized at June 30, 2023.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2023, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2023, the District had no concentration of credit risk.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Interfund receivable and payable balances at June 30, 2023 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund:		
General	\$ 204,016	\$ 641,523
Non-Major Funds:		
Special Reserve for Capital Outlay	142,959	-
Adult Education	-	203,351
Cafeteria	4,680	-
Internal Service Fund:		
Self-Insurance	<u>493,884</u>	<u>665</u>
	<u>\$ 845,539</u>	<u>\$ 845,539</u>

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2022-2023 fiscal year were as follows:

Transfer from the Building Fund to the Special Reserve for Capital Outlay Fund for the allocation of interest.	\$ 78,369
Transfer from the Adult Education Fund to the General Fund for indirect costs support.	<u>212,651</u>
	<u>\$ 291,020</u>

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2023 is shown below:

	Balance July 1, <u>2022</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2023</u>
Non-depreciable:				
Land	\$ 1,978,500	\$ -	\$ -	\$ 1,978,500
Work-in-process	51,022,361	46,614,807	(5,499,225)	92,137,943
Depreciable:				
Buildings	226,281,847	-	2,956,345	229,238,192
Improvement of sites	40,535,337	-	2,542,880	43,078,217
Equipment	<u>4,791,325</u>	<u>190,150</u>	<u>-</u>	<u>4,981,475</u>
Totals, at cost	<u>324,609,370</u>	<u>46,804,957</u>	<u>-</u>	<u>371,414,327</u>
Less accumulated depreciation:				
Buildings	(59,993,206)	(6,919,451)	-	(66,912,657)
Improvement of sites	(22,937,567)	(1,844,903)	-	(24,782,470)
Equipment	<u>(2,351,259)</u>	<u>(415,572)</u>	<u>-</u>	<u>(2,766,831)</u>
Total accumulated depreciation	<u>(85,282,032)</u>	<u>(9,179,926)</u>	<u>-</u>	<u>(94,461,958)</u>
Lease asset:				
Equipment	<u>1,048,409</u>	<u>-</u>	<u>-</u>	<u>1,048,409</u>
Accumulated lease amortization:				
Equipment	<u>(262,102)</u>	<u>(262,102)</u>	<u>-</u>	<u>(524,204)</u>
Total lease asset, net	<u>786,307</u>	<u>(262,102)</u>	<u>-</u>	<u>524,205</u>
Capital assets, net	<u>\$ 240,113,645</u>	<u>\$ 37,362,929</u>	<u>\$ -</u>	<u>\$ 277,476,574</u>

Depreciation and amortization expense was charged to governmental activities for the year ended June 30, 2023 as follows:

Instruction	\$ 7,320,483
Instructional library, media and technology	755,767
School site administration	212,139
Food services	244,850
Other pupil services	74,364
Ancillary services	633,289
Plant services	<u>201,136</u>
Total depreciation and amortization expense	<u>\$ 9,442,028</u>

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 – LONG-TERM LIABILITIES

General Obligation Bonds: In September 1999, the District issued General Obligation Bonds, Series D, totaling \$16,355,000 to finance the construction and acquisition of real property and improvements for the District. These serial bonds have interest rates ranging from 5.00% to 5.25% and mature in varying amounts through August 1, 2024.

In August 2010, the District issued General Obligation Bonds, 2010 Series A and B, totaling \$21,001,653 to provide funds for the repair, upgrade, acquisition, construction and equipping of various District properties. These capital appreciation bonds have interest rates ranging from 1.57% to 12.00% and mature through August 1, 2030.

In July 2012, the District issued General Obligation Bonds, 2010 Series C, totaling \$20,298,347 to provide funds for the repair, upgrade, acquisition, construction and equipping of various District properties. These capital appreciation bonds have interest rates ranging from 2.87% to 12.00% and mature through August 1, 2030.

In September 2018, the District issued General Obligation Bonds, 2018 Series A, totaling \$100,000,000 to provide funds for the repair, upgrade, acquisition, construction and equipping of various District properties. These capital appreciation bonds have interest rates ranging from 3.30% to 5.00% and mature through August 1, 2036.

In July 2020, the District issued General Obligation Bonds, 2018 Series B, totaling \$100,000,000 to provide funds for the repair, upgrade, acquisition, construction and equipping of various District properties. These capital appreciation bonds have interest rates ranging from 0.25% to 4.00% and mature through August 1, 2034.

In June 2022, the District issued General Obligation Bonds, 2018 Series C, totaling \$68,000,000 to provide funds for the acquisition and construction of school facilities. These general obligation bonds have interest rates ranging from 3.00% to 4.00% and mature through August 1, 2037.

The following is a summary of Bond activity for the year ended June 30, 2023:

<u>Series</u>	<u>Interest Rate %</u>	<u>Maturity Date</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>
1999 Series D	5.00-5.25%	8/1/2024	842,770	-	305,978	536,792
2010 Series A & B	1.57-12.00%	8/1/2030	16,812,076	-	313,247	16,498,829
2010 Series C	2.87-12.00%	8/1/2030	19,138,474	-	491,163	18,647,311
2018 Series A	3.30-5.00%	8/1/2036	65,515,000	-	5,000,000	60,515,000
2018 Series B	0.25-4.00%	8/1/2034	86,795,000	-	8,575,000	78,220,000
2018 Series C	3.00-4.00%	8/1/2037	68,000,000	-	-	68,000,000
Total			<u>\$ 257,103,320</u>	<u>\$ -</u>	<u>\$ 14,685,388</u>	<u>\$ 242,417,932</u>

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 – LONG-TERM LIABILITIES (Continued)

The following is a summary of future bond payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,616,567	\$ 11,178,500	\$ 28,795,067
2025	15,892,475	10,955,176	26,847,651
2026	12,943,614	10,762,419	23,706,033
2027	13,889,286	10,516,666	24,405,952
2028	15,605,120	9,077,174	24,682,294
2029-2033	99,240,870	30,881,797	130,122,667
2034-2038	<u>67,230,000</u>	<u>4,886,409</u>	<u>72,116,409</u>
	<u>\$ 242,417,932</u>	<u>\$ 88,258,141</u>	<u>\$ 330,676,073</u>

Lease Liability: The District has entered into a lease agreement with a third party vendor for a total amount of \$1,310,511. The lease was issued for the purpose of acquiring certain technology hardware upgrades to be installed across various District sites. The lease bears interest at 3.8415% with payments due annually through August 21, 2024.

The following is a summary of future lease payments:

Year Ending <u>June 30,</u>	<u>Lease Payments</u>
2024	\$ 262,102
2025	<u>382,926</u>
	645,028
Less amount representing interest	<u>(33,178)</u>
	<u>\$ 611,850</u>

Certificates of Participation: In October 2014, the District issued Refunding Certificates of Participation (2015 Refunding COPs) totaling \$2,855,000. The purpose of the 2015 Refunding COPs was to refund, on an advance basis, the District's outstanding 2003 Refunding Certificates of Participation and 2004 Certificates of Participation. The 2015 Refunding COPs mature through August 1, 2032 with an interest rate of 2.99% per annum. The following is a summary of future Certificates of Participation payments:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 115,000	\$ 37,599	\$ 152,599
2025	115,000	34,161	149,161
2026	120,000	30,648	150,648
2027	125,000	26,985	151,985
2028	130,000	23,173	153,173
2029-2033	<u>710,000</u>	<u>54,269</u>	<u>764,269</u>
	<u>\$ 1,315,000</u>	<u>\$ 206,835</u>	<u>\$ 1,521,835</u>

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance July 1, <u>2022,</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2023</u>	Amounts Due Within <u>One Year</u>
<u>Debt:</u>					
General Obligation Bonds	\$257,103,320	\$ -	\$ 14,685,388	\$242,417,932	\$ 17,616,567
Accreted interest	22,534,756	1,242,208	1,259,613	22,517,351	1,255,732
Unamortized premiums	21,786,942	-	1,647,328	20,139,614	-
Lease liability	845,927	-	234,077	611,850	243,069
Certificates of Participation	1,425,000	-	110,000	1,315,000	115,000
<u>Other long-term liabilities</u>					
Total OPEB liability (Note 6)	3,134,835	148,668	-	3,283,503	-
Net pension liability (Notes 8 and 9)	52,887,000	34,845,000	-	87,732,000	-
Compensated absences	547,138	-	53,230	493,908	-
Totals	<u>\$360,264,918</u>	<u>\$ 36,235,876</u>	<u>\$ 17,989,636</u>	<u>\$378,511,158</u>	<u>\$ 19,230,368</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the lease liability are made from the General Fund. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments towards the total OPEB liability, the net pension liability and compensated absences, are made from the Fund for which the related employee worked.

(Continued)

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits Plan

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District provides healthcare benefits to eligible employees through the Retiree Employee's Healthcare Plan (REHP). REHP is a single employer defined benefit postemployment health care plan which is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving healthcare insurance coverage. The Board of Trustees has the authority to establish or amend the benefit terms offered by the REHP, and also retains the authority to establish the requirements for paying for the REHP's benefits as they come due. As of June 30, 2023 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

Benefits Provided: In accordance with contracts between the District and the respective employee groups, eligible employees are entitled to receive certain medical, dental, and vision benefits through the REHP. All employees must be eligible participants in the District-provided healthcare plans prior to retirement, in order to qualify for the postretirement benefits provided through the REHP.

Eligibility requirements and benefits vary depending on employee group, hire date, and years of service to the District:

Classified Employees - Classified employees and their dependents may receive benefits through REHP for up to 5, 7, or 10 years after retirement, depending on certain years of service and age limitations as described in the negotiated agreement between the California School Employees Association and the District. Classified employees must be eligible to retire under CalPERS to receive benefits through REHP at retirement. All benefits through REHP cease when the classified retiree reaches age 65 or becomes eligible for other available healthcare benefits, whichever comes first.

Certificated Employees - Certificated employees and their dependents who retire from the District having reached age 50 with at least 10 years of consecutive service to the District, and 10 years of cumulative STRS credit are eligible to receive benefits through REHP for up to 5 years, or until the certificated retiree reaches age 65, whichever comes first. As of June 30, 2023 there are currently no active or retiree employees eligible for benefits through the REHP.

Employees Covered by Benefit Terms: The following is a table of plan participants included in the actuarial valuation.

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	6
Active employees	<u>91</u>
	<u>97</u>

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Board of Trustees. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost. Contributions to the REHP from the District were \$133,050 for the year ended June 30, 2023. Employees are not required to contribute to the REHP.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability - The District's total OPEB liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 actuarial report was determined using the following actuarial assumptions and other inputs, and apply to all periods included in the measurement, unless otherwise specified:

<u>Actuarial Method</u>	Entry Age Actuarial Cost Method.
<u>Discount Rate</u>	3.65%, per the Bond Buyer 20 Bond Index.
<u>Inflation Rates</u>	2.50%
<u>Salary Increases</u>	2.75% per year
<u>Retirement/Termination Rates</u>	Retirement rates match rates developed in the most recent experience studies for California PERS (2017)
<u>Mortality Rates</u>	Mortality rates for classified employees were taken from the 2017 CalPERS Active Mortality Rates for Miscellaneous Employees. Certificated mortality rates were not considered significant as there were no active or inactive participants.
<u>Medical Costs</u>	Medical costs for retiree coverage were estimated based on the true per person costs of coverage during the year ended June 30, 2022. Certificated medical costs were not considered significant as there were no active or inactive participants.
<u>Retirement and Turnover Rates</u>	Retirement rates are taken from the most recent experience studies for CalPERS (2017).
<u>Healthcare Trend Rates</u>	Healthcare costs are assumed to increase by 4.00%.
<u>Health Plan Coverage Elections</u>	100% of eligible employees were assumed to participate in the REHP.
<u>Retirees with Spouses</u>	To the extent the information was not provided, 80% of participants were assumed to be married at retirement.

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.65%. The municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20 Bond Index as published by the Federal Reserve. The Bond Buyer 20 Bond Index consists of general obligation bonds which are scheduled mature in 20 years, with an average rating roughly equivalent to Moody's Investors Service's Aa2 rating or Standard & Poor's Corp.'s AA.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 3,134,835
Changes for the year:	
Service cost	195,787
Interest	112,084
Changes in Assumptions	(26,153)
Benefit payments	<u>(133,050)</u>
Net change	<u>148,668</u>
Balance at June 30, 2023	<u>\$ 3,283,503</u>

Changes in Assumptions: Changes in assumptions from the prior total OPEB liability measurement include an update to the discount rate from 3.54 percent at June 30, 2022 to 3.65 percent at June 30, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 3,505,318</u>	<u>\$ 3,283,503</u>	<u>\$ 3,079,567</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rates Rate (4.00%)	1% Increase (5.00%)
Total OPEB liability	<u>\$ 2,920,786</u>	<u>\$ 3,283,503</u>	<u>\$ 3,711,223</u>

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$186,278. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 275,120	\$ 1,341,211
Changes of assumptions	<u>410,919</u>	<u>274,878</u>
Total	<u>\$ 686,039</u>	<u>\$ 1,616,089</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending <u>June 30,</u>	
2024	\$ (121,593)
2025	\$ (121,593)
2026	\$ (121,593)
2027	\$ (121,593)
2028	\$ (121,593)
Thereafter	\$ (322,085)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 11.6 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2023 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 13,700	\$ -	\$ -	\$ 500	\$ 14,200
Stores inventory	-	-	-	3,963	3,963
Prepaid expenditures	<u>959,180</u>	-	-	-	<u>959,180</u>
Subtotal					
nonspendable	<u>972,880</u>	-	-	<u>4,463</u>	<u>977,343</u>
Restricted:					
Legally restricted:					
Grants	5,016,085	-	-	-	5,016,085
Student activities	-	-	-	1,803,450	1,803,450
Adult ed program	-	-	-	4,480,948	4,480,948
Cafeteria operations	-	-	-	443,910	443,910
Capital projects	-	84,630,324	-	6,432,530	91,062,854
Debt service	-	-	<u>28,579,163</u>	-	<u>28,579,163</u>
Subtotal restricted	<u>5,016,085</u>	<u>84,630,324</u>	<u>28,579,163</u>	<u>13,160,838</u>	<u>131,386,410</u>
Assigned:					
Postemployment benefits	6,029,121	-	-	-	6,029,121
Instructional materials	8,413,262	-	-	-	8,413,262
Operational reserves	<u>7,689,264</u>	-	-	-	<u>7,689,264</u>
Subtotal assigned	<u>22,131,647</u>	-	-	-	<u>22,131,647</u>
Unassigned:					
Designated for economic uncertainty	<u>3,882,803</u>	-	-	-	<u>3,882,803</u>
Total fund balances	<u>\$ 32,003,415</u>	<u>\$ 84,630,324</u>	<u>\$ 28,579,163</u>	<u>\$ 13,165,301</u>	<u>\$ 158,378,203</u>

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN

General Information about the State Teachers’ Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers’ Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers’ Retirement System (CalSTRS). The Teachers’ Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com>.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members’ final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member’s highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the “Special Legislation”) were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan and the Special Legislation, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-22. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2021-22.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2021, valuation adopted by the CalSTRS board in May 2022, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2022.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorized the CalSTRS board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2022, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2022–23 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2022-2023 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2022	8.250%	10.850%	19.100%
July 1, 2023 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed \$10,366,946 to the plan for the fiscal year ended June 30, 2023.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN (Continued)

State – 10.828 percent of the members’ calculated based on creditable compensation from two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state’s share of the CalSTRS unfunded actuarial obligation by 2046. In May 2022, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022–23 for a total contribution rate of 10.828%.

Special legislation appropriated supplemental state contributions to reduce the state’s portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2021-22. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, the “Rainy-Day Budget Stabilization Fund Act”, which passed in 2014. Accordingly, the contribution amounts are subject to change each year based on the availability of funding. For fiscal year 2021–22, CalSTRS received \$410.0 million in supplemental state contributions from Proposition 2 funds. Additionally, CalSTRS received a one-time supplemental payment of \$173.7 million from the General Fund in fiscal year 2021–22 to offset forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020–21.

The CalSTRS state contribution rates effective for fiscal year 2022-23 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2022	2.017%	6.311%	2.50%	10.828%
July 01, 2023 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

- (1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.
- (2) The CalSTRS board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$	53,304,000
State’s proportionate share of the net pension liability associated with the District		30,129,000
Total	\$	83,433,000

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2022, the District's proportion was 0.077 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$8,901,611 and revenue of \$4,833,928 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 44,000	\$ 3,997,000
Changes of assumptions	2,644,000	-
Net differences between projected and actual earnings on investments	-	2,607,000
Changes in proportion and differences between District contributions and proportionate share of contributions	5,304,000	3,263,000
Contributions made subsequent to measurement date	<u>10,366,946</u>	<u>-</u>
Total	<u>\$ 18,358,946</u>	<u>\$ 9,867,000</u>

\$10,366,946 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending		
<u>June 30,</u>		
2024	\$	660,667
2025	\$	(2,160,333)
2026	\$	(3,229,334)
2027	\$	3,468,000
2028	\$	(671,000)
2029	\$	57,000

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2022 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	\$ <u>90,530,000</u>	\$ <u>53,304,000</u>	\$ <u>22,395,000</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B

General Information about the Public Employer’s Retirement Fund B

Plan Description: The school’s cost-sharing multiple-employer defined benefit pension plan Public Employer’s Retirement Fund B (PERF B) is administered by the California Public Employees’ Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at: <https://www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf>.

Benefits Provided: The benefits for the defined benefit plans are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2023 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2022-2023.

Employers - The employer contribution rate was 25.37 percent of applicable member earnings.

The District contributed \$4,402,076 to the plan for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$34,428,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2022 the District’s proportion was 0.100 percent, which was an increase of .007 percent from its proportion measured as of June 30, 2021.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

For the year ended June 30, 2023, the District recognized pension expense of \$4,824,048. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 156,000	\$ 857,000
Changes of assumptions	2,547,000	-
Net differences between projected and actual earnings on investments	4,065,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,737,000	209,000
Contributions made subsequent to measurement date	<u>4,402,076</u>	<u>-</u>
Total	<u>\$ 12,907,076</u>	<u>\$ 1,066,000</u>

\$4,402,076 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2024	\$ 1,811,333
2025	\$ 1,789,333
2026	\$ 1,359,334
2027	\$ 2,479,000

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 3.9 years as of the June 30, 2022 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

During the 2021-22 measurement period, the financial reporting discount rate for PERF B was lowered from 7.15 percent to 6.90 percent. In addition, the inflation assumption was reduced from 2.50 percent to 2.30 percent. Lastly, demographic assumptions for mortality rates were updated.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10 (1, 2)</u>
Global Equity – cap-weighted	30.00%	4.45%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

- (1) An expected inflation rate of 2.30% used for this period
- (2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 49,733,000	\$ 34,428,000	\$ 21,779,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 10 – JOINT POWERS AUTHORITIES

The District is a member, with other school districts, in four joint power agencies, South Bay Area Schools Insurance Authority (SBASIA), Community Health Awareness Council (CHAC), Santa Clara Valley Transportation Agency (SCVTA), Schools Excess Liability Fund (SELF), and Santa Clara County Office of Education (SCCOE). A brief description of each agency follows:

South Bay Area Schools Insurance Authority (SBASIA): SBASIA arranges for and provides property and liability insurance for its members. The membership includes school districts in Santa Clara County and the County Office of Education. SBASIA is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SBASIA, including selections of management and approval of operating budgets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 – JOINT POWERS AUTHORITIES (Continued)

The following is a summary of financial information for South Bay Area Schools Insurance Authority at June 30, 2022 (the latest information available):

Total assets	\$ 9,027,873
Total liabilities	\$ 6,546,199
Total net position	\$ 2,481,674
Total revenues	\$ 8,411,947
Total expenditures	\$ 7,349,857

Community Health Awareness Council (CHAC): Arranges for and provides workers' compensation, property and liability, and employee benefit insurance for its members. The membership includes school districts in Santa Clara County and the County Office of Education. CHAC is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of CHAC, including selections of management and approval of operating budgets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The following is a summary of the financial information for CHAC at June 30, 2021 (the latest information available):

Total assets	\$ 5,375,851
Total liabilities	\$ 296,397
Total net position	\$ 5,079,454
Total revenues	\$ 4,516,419
Total expenditures	\$ 4,290,915

Santa Clara Valley Transportation Authority (SCVTA): SCVTA provides transportation for special education students for its members. The membership includes various school districts in the county. SCVTA is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SCVTA, including selections of management and approval of operating budgets.

The following is a summary of the financial information for SCVTA at June 30, 2022 (the latest information available) (in thousands):

Total assets	\$ 7,958,735
Deferred outflows of resources	\$ 157,120
Total liabilities	\$ 1,542,203
Deferred inflows of resources	\$ 140,795
Total net position	\$ 6,432,857
Total revenues	\$ 995,526
Total expenditures	\$ 1,274,577

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 10 – JOINT POWERS AUTHORITIES (Continued)

Schools Excess Liability Fund (SELF): The District is a member with other school districts of a Joint Powers Authority, Schools Excess Liability Fund (SELF), for the operation of a common risk management and insurance program for excess property and liability coverage. SELF is governed by a Governing Board consisting of representatives from member districts. The Board controls the operations of SELF, including selections of management and approval of operating budgets. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The following is a summary of the financial information for SELF at June 30, 2022 (the latest information available)(reported in millions):

Total assets	\$ 289,680,806
Deferred outflows of resources	\$ 246,406
Total liabilities	\$ 218,707,290
Deferred inflows of resources	\$ 178,227
Total net position	\$ 71,041,695
Total revenues	\$ 141,145,379
Total expenditures	\$ 110,272,506

The relationship between the District and the Joint Powers Agencies is such that the Joint Powers Agencies are not component units of the District for financial reporting purposes.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial statements or results of operations.

At June 30, 2023, the District had commitments for construction projects totaling approximately \$8.8 million.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2023

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 2,979,534	\$ 3,818,882	\$ 3,818,882	\$ -
Local sources	<u>104,967,233</u>	<u>105,698,631</u>	<u>105,698,631</u>	-
Total LCFF	<u>107,946,767</u>	<u>109,517,513</u>	<u>109,517,513</u>	-
Federal sources	2,446,231	3,584,625	3,584,625	-
Other state sources	8,497,506	11,414,192	11,414,192	-
Other local sources	<u>7,473,724</u>	<u>9,811,028</u>	<u>9,811,028</u>	-
Total revenues	<u>126,364,228</u>	<u>134,327,358</u>	<u>134,327,358</u>	-
Expenditures:				
Current:				
Certificated salaries	52,538,969	53,936,743	53,936,743	-
Classified salaries	18,427,019	18,716,362	18,716,362	-
Employee benefits	34,245,994	34,611,737	34,611,737	-
Books and supplies	5,094,556	4,377,317	4,377,317	-
Contract services and operating expenditures	14,059,147	16,146,992	16,146,992	-
Other Outgo	-	20,000	20,000	-
Capital outlay	1,781,430	1,436,269	1,436,269	-
Debt Service:				
Principal retirement	-	234,077	234,077	-
Interest	<u>-</u>	<u>26,885</u>	<u>26,885</u>	-
Total expenditures	<u>126,147,115</u>	<u>129,506,382</u>	<u>129,506,382</u>	-
Excess of revenues over expenditures	<u>217,113</u>	<u>4,820,976</u>	<u>4,820,976</u>	-
Other financing sources:				
Transfers in	<u>238,134</u>	<u>291,020</u>	<u>212,651</u>	<u>(78,369)</u>
Net change in fund balance	455,247	5,111,996	5,033,627	(78,369)
Fund balance, July 1, 2022	<u>26,969,788</u>	<u>26,969,788</u>	<u>26,969,788</u>	-
Fund balance, June 30, 2023	<u>\$ 27,425,035</u>	<u>\$ 32,081,784</u>	<u>\$ 32,003,415</u>	<u>\$ (78,369)</u>

See accompanying note to required supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POST
EMPLOYEMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2023

	Last 10 Fiscal Years					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB liability						
Service cost	\$ 397,184	\$ 408,107	\$ 448,034	\$ 354,250	\$ 366,400	\$ 195,787
Interest	112,743	112,488	121,329	102,993	106,261	112,084
Changes in assumptions	-	(19,429)	380,940	14,483	(293,812)	(26,153)
Differences between actual and expected experience	-	-	553,094	-	(1,653,121)	-
Benefit payments	<u>(268,462)</u>	<u>(279,200)</u>	<u>(257,859)</u>	<u>(225,234)</u>	<u>(254,367)</u>	<u>(133,050)</u>
Net change in total OPEB liability	241,465	221,966	1,245,538	246,492	(1,728,639)	148,668
Total OPEB liability, beginning of year	<u>2,908,013</u>	<u>3,149,478</u>	<u>3,371,444</u>	<u>4,616,982</u>	<u>4,863,474</u>	<u>3,134,835</u>
Total OPEB liability, end of year	<u>\$ 3,149,478</u>	<u>\$ 3,371,444</u>	<u>\$ 4,616,982</u>	<u>\$ 4,863,474</u>	<u>\$ 3,134,835</u>	<u>\$ 3,283,503</u>
Covered employee payroll	\$ 8,123,000	\$ 8,299,871	\$ 8,548,867	\$ 8,760,921	\$ 9,023,749	\$ 8,933,512
Total OPEB liability as a percentage of covered-employee payroll	38.77%	40.62%	54.01%	55.51%	34.74%	36.75%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2018 are not available.

See accompanying note to required supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2023

	State Teachers' Retirement Plan Last 10 Fiscal Years									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
District's proportion of the net pension	0.060%	0.068%	0.069%	0.071%	0.071%	0.081%	0.077%	0.075%	0.077%	
District's proportionate share of the net net pension liability	\$ 35,233,000	\$ 45,930,000	\$ 55,455,000	\$ 65,305,000	\$ 65,222,000	\$ 72,708,000	\$ 75,074,000	\$ 33,951,000	\$ 53,304,000	
State's proportionate share of the net pension liability associated with the District	<u>24,511,000</u>	<u>24,292,000</u>	<u>31,573,000</u>	<u>38,634,000</u>	<u>37,343,000</u>	<u>39,667,000</u>	<u>41,028,000</u>	<u>20,200,000</u>	<u>30,129,000</u>	
Total net pension liability	<u>\$ 59,744,000</u>	<u>\$ 70,222,000</u>	<u>\$ 87,028,000</u>	<u>\$103,939,000</u>	<u>\$102,565,000</u>	<u>\$112,375,000</u>	<u>\$116,102,000</u>	<u>\$ 54,151,000</u>	<u>\$ 83,433,000</u>	
District's covered payroll	\$ 26,855,000	\$ 31,665,000	\$ 34,170,000	\$ 37,426,000	\$ 39,736,000	\$ 42,959,000	\$ 41,829,000	\$ 40,070,000	\$ 44,904,000	
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	164.14%	169.25%	179.48%	84.73%	118.71%	
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2023

	Public Employer's Retirement Fund B Last 10 Fiscal Years								
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
District's proportion of the net pension liability	0.088%	0.083%	0.086%	0.091%	0.091%	0.094%	0.091%	0.093%	0.100%
District's proportionate share of the net pension liability	\$ 10,030,000	\$ 12,308,000	\$ 16,931,000	\$ 21,815,000	\$ 25,202,000	\$ 27,463,000	\$ 27,919,000	\$ 18,936,000	\$ 34,428,000
District's covered payroll	\$ 9,274,000	\$ 9,244,000	\$ 10,285,000	\$ 11,651,000	\$ 12,465,000	\$ 13,083,000	\$ 13,107,000	\$ 13,360,000	\$ 15,273,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.15%	133.15%	164.62%	187.24%	202.18%	209.91%	213.01%	141.74%	225.42%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2023

	State Teachers' Retirement Plan Last 10 Fiscal Years								
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 2,811,870	\$ 3,666,492	\$ 4,708,152	\$ 5,733,893	\$ 6,993,644	\$ 7,447,476	\$ 7,629,028	\$ 8,576,683	\$ 10,366,946
Contributions in relation to the contractually required contribution	<u>(2,811,870)</u>	<u>(3,666,492)</u>	<u>(4,708,152)</u>	<u>(5,733,893)</u>	<u>(6,993,644)</u>	<u>(7,447,476)</u>	<u>(7,629,028)</u>	<u>(8,576,683)</u>	<u>(10,366,946)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,665,000	\$ 34,170,000	\$ 37,426,000	\$ 39,736,000	\$ 42,959,000	\$ 41,829,000	\$ 40,070,000	\$ 44,904,000	\$ 54,277,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB90.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2023

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 1,088,108	\$ 1,218,452	\$ 1,618,267	\$ 1,935,986	\$ 2,362,985	\$ 2,584,700	\$ 2,799,209	\$ 3,499,048	\$ 4,402,076
Contributions in relation to the contractually required contribution	<u>(1,088,108)</u>	<u>(1,218,452)</u>	<u>(1,618,267)</u>	<u>(1,935,986)</u>	<u>(2,362,985)</u>	<u>(2,584,700)</u>	<u>(2,799,209)</u>	<u>(3,499,048)</u>	<u>(4,402,076)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,244,000	\$ 10,285,000	\$ 11,651,000	\$ 12,465,000	\$ 13,083,000	\$ 13,107,000	\$ 13,360,000	\$ 15,273,000	\$ 17,352,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in the District's Total OPEB Liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rates used for the total OPEB liability were 3.50, 3.50, 2.20, 2.16, 3.54 and 3.65 percent at the June 30, 2018, 2019, 2020, 2021, 2022 and 2023 measurement dates, respectively.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) plan were 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15, 7.15 and 6.90 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 actuarial reports, respectively.

The inflation rates used for the PERF B plan were 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, 2.50, and 2.30 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

<u>Assumption</u>	<u>Measurement Period</u>							
	<u>As of June 30, 2022</u>	<u>As of June 30, 2021</u>	<u>As of June 30, 2020</u>	<u>As of June 30, 2019</u>	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2023

	Student Activity <u>Fund</u>	Adult Education <u>Fund</u>	Cafeteria <u>Fund</u>	Capital Facilities <u>Fund</u>	Special Reserve for Capital Outlay <u>Fund</u>	<u>Total</u>
ASSETS						
Cash and investments:						
Cash in County Treasury	\$ -	\$ 4,633,561	\$ 417,979	\$ 5,569,614	\$ 692,408	\$ 11,313,562
Cash awaiting deposit	-	200	500	-	-	700
Cash on hand and in banks	1,803,450	4,156	-	-	-	1,807,606
Revolving cash fund	-	500	-	-	-	500
Due from other funds	-	-	4,680	-	142,959	147,639
Receivables	-	122,005	49,051	40,449	4,286	215,791
Stores inventory	-	-	3,963	-	-	3,963
Total assets	<u>\$ 1,803,450</u>	<u>\$ 4,760,422</u>	<u>\$ 476,173</u>	<u>\$ 5,610,063</u>	<u>\$ 839,653</u>	<u>\$ 13,489,761</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 72,787	\$ 28,300	\$ -	\$ 17,186	\$ 118,273
Unearned revenue	-	2,836	-	-	-	2,836
Due to other funds	-	203,351	-	-	-	203,351
Total liabilities	<u>-</u>	<u>278,974</u>	<u>28,300</u>	<u>-</u>	<u>17,186</u>	<u>324,460</u>
Fund balances:						
Nonspendable	-	500	3,963	-	-	4,463
Restricted	1,803,450	4,480,948	443,910	5,610,063	822,467	13,160,838
Total fund balances	<u>1,803,450</u>	<u>4,481,448</u>	<u>447,873</u>	<u>5,610,063</u>	<u>822,467</u>	<u>13,165,301</u>
Total liabilities and fund balances	<u>\$ 1,803,450</u>	<u>\$ 4,760,422</u>	<u>\$ 476,173</u>	<u>\$ 5,610,063</u>	<u>\$ 839,653</u>	<u>\$ 13,489,761</u>

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGE IN FUND BALANCE – ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2023

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve for Capital Outlay Fund	Total
Revenues:						
Federal sources	\$ -	\$ 291,820	\$ 461,079	\$ -	\$ -	\$ 752,899
Other state sources	-	4,228,160	1,553,715	-	-	5,781,875
Other local sources	3,626,390	617,008	9,880	1,683,759	13,631	5,950,668
Total revenues	<u>3,626,390</u>	<u>5,136,988</u>	<u>2,024,674</u>	<u>1,683,759</u>	<u>13,631</u>	<u>12,485,442</u>
Expenditures:						
Current:						
Certificated salaries	-	1,815,537	-	-	-	1,815,537
Classified salaries	-	1,053,898	693,438	-	-	1,747,336
Employee benefits	-	1,322,474	310,915	-	-	1,633,389
Books and supplies	3,383,412	215,162	1,163,569	-	-	4,762,143
Contract services and operating expenditures	-	465,442	(8,857)	-	-	456,585
Capital outlay	-	16,200	-	-	-	16,200
Debt service:						
Principal retirement	-	-	-	110,000	-	110,000
Interest	-	-	-	40,963	-	40,963
Total expenditures	<u>3,383,412</u>	<u>4,888,713</u>	<u>2,159,065</u>	<u>150,963</u>	<u>-</u>	<u>10,582,153</u>
Excess (deficiency) of revenues over (under) expenditures	<u>242,978</u>	<u>248,275</u>	<u>(134,391)</u>	<u>1,532,796</u>	<u>13,631</u>	<u>1,903,289</u>
Other financing (uses) sources:						
Transfers in	-	-	-	-	78,369	78,369
Transfers out	-	(212,651)	-	-	-	(212,651)
Total for other financing (uses) sources	<u>-</u>	<u>(212,651)</u>	<u>-</u>	<u>-</u>	<u>78,369</u>	<u>(134,282)</u>
Net change in fund balances	242,978	35,624	(134,391)	1,532,796	92,000	1,769,007
Fund balance, July 1, 2022	<u>1,560,472</u>	<u>4,445,824</u>	<u>582,264</u>	<u>4,077,267</u>	<u>730,467</u>	<u>11,396,294</u>
Fund balance, June 30, 2023	<u>\$ 1,803,450</u>	<u>\$ 4,481,448</u>	<u>\$ 447,873</u>	<u>\$ 5,610,063</u>	<u>\$ 822,467</u>	<u>\$ 13,165,301</u>

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
ORGANIZATION
June 30, 2023

Mountain View-Los Altos Union High School District is located in northern Santa Clara County and includes the City of Mountain View, the City of Los Altos and the City of Los Altos Hills, with a total area of approximately thirty-seven square miles. There were no changes in the boundaries of the District during the year. The District operates three schools: Los Altos High School, Mountain View High School, and Alta Vista High School. In addition, the District provides a variety of adult education courses.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Dr. Phil Faillace	President	December 2024
Sanjay Dave	Vice President	December 2024
Esmeralda Ortiz	Clerk	December 2026
Thida Cornes	Member	December 2026
Catherine Vonnegut	Member	December 2026

ADMINISTRATION

Dr. Nellie Meyer, Ed.
Superintendent

Teri Faught
Associate Superintendent - Educational Services

Leyla Benson
Associate Superintendent - Human Resources

Mike Mathiesen
Associate Superintendent - Business Services and Technology

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 June 30, 2023

	<u>Second Period Report</u>	<u>Annual Report</u>
<u>Certificate Number</u>	<u>BE96AD63</u>	<u>5A319BC3</u>
Secondary		
Ninth through Twelfth	4,035	4,030
Special Education	31	31
	4,066	4,061

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2023

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2022-2023 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	64,800	61,214	183	Out of compliance
Grade 10	64,800	61,214	183	Out of compliance
Grade 11	64,800	61,214	183	Out of compliance
Grade 12	64,800	61,214	183	Out of compliance

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Assistance Listing (AL) <u>Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	Pass- Through Entity Identifying <u>Number</u>	Federal Expend- itures
<u>U.S. Department of Education - Passed Through the California Department of Education</u>			
Adult Education Programs:			
84.002A	Adult Basic Education, English Language Acquisition	14508	\$ 255,840
84.002	Adult Secondary Education(Section 231)	13978	<u>35,980</u>
	Subtotal Adult Education Programs		<u>291,820</u>
Title I Part A Programs:			
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	101,776
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	<u>275,450</u>
	Subtotal Title I Part A Programs		<u>377,226</u>
Special Education Cluster:			
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	929,575
84.027A	Special Ed: IDEA Mental Health Average Daily Attendance Allocation, Part B, Sec 611	15197	69,188
84.027	COVID-19: ARP IDEA Local Assistance, Part B Sec. 611, Local Assistance Entitlement	15638	<u>6,101</u>
	Subtotal Special Education Cluster		<u>1,004,864</u>
COVID-19: Education Stabilization Fund (ESF) Programs:			
84.425	COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547	48,135
84.425	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559	380,366
84.425U	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155	196,403
84.425D	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	15618	432,550
84.425C	COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	15619	16,024
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	15620	298,796
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	15621	515,073
84.425	COVID-19: American Rescue Plan-Homeless Children and Youth II	15566	<u>4,084</u>
	Subtotal COVID-19: ESF Programs		<u>1,891,431</u>

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Assistance Listing (AL) Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed Through the California Department of Education (Continued)</u>			
84.048	Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Sec. 131	14894	\$ 60,537
84.126	Department of Rehab: Workability II, Transitions Partnership	10006	103,738
84.365	ESEA: Title III, English Learner Student Program	14346	54,765
84.367	ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	<u>91,450</u>
	Total U.S. Department of Education		<u>3,875,831</u>
<u>U.S. Department of Agriculture - Passed Through the California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	National School Lunch Program - Child Nutrition Cluster	13391	461,079
10.555	Emergency Operational Costs Reimbursement	15637	43,333
10.555	COVID-19: Emergency Operational Costs Reimbursement (ECR)	13391	<u>614</u>
	Subtotal Child Nutrition Cluster		<u>505,026</u>
	Total U.S. Department of Agriculture		<u>505,026</u>
	Total Federal Programs		<u>\$ 4,380,857</u>

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

There were no adjustments proposed to any funds of the District.

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2023

	(Budget) <u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 134,460,409	\$ 134,540,009	\$ 119,848,760	\$ 116,154,572
Expenditures	129,293,731	129,506,382	118,421,507	112,662,105
Other uses and transfers out	-	-	-	795,000
Total outgo	<u>\$ 129,293,731</u>	<u>\$ 129,506,382</u>	<u>\$ 118,421,507</u>	<u>\$ 113,457,105</u>
Change in fund balance	<u>\$ 5,166,677</u>	<u>\$ 5,033,627</u>	<u>\$ 1,427,253</u>	<u>\$ 2,697,467</u>
Ending fund balance	<u>\$ 37,170,092</u>	<u>\$ 32,003,415</u>	<u>\$ 26,969,788</u>	<u>\$ 25,542,535</u>
Available reserves	<u>\$ 3,882,803</u>	<u>\$ 3,882,803</u>	<u>\$ 3,552,668</u>	<u>\$ 3,374,424</u>
Designated for economic uncertainties	<u>\$ 3,882,803</u>	<u>\$ 3,882,803</u>	<u>\$ 3,552,668</u>	<u>\$ 3,374,424</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 359,280,790</u>	<u>\$ 378,511,158</u>	<u>\$ 360,264,918</u>	<u>\$ 359,471,255</u>
Average daily attendance at P-2	<u>4,066</u>	<u>4,066</u>	<u>4,154</u>	<u>4,223</u>

The fund balance in the General Fund has increased by \$9,158,347 over the past three fiscal years. The District projects an increase of \$5,166,677 for the year ending June 30, 2024. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses be maintained. The District has met this requirement.

The District has incurred operating surpluses in each of the past three years, and anticipates an operating surplus during the fiscal year ending June 30, 2024.

Total long-term liabilities have increased by \$19,039,903 over the past two years.

Average daily attendance has decreased by 157 over the past two years. No change in ADA is anticipated during the fiscal year ending June 30, 2024.

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2023

Charter Schools Chartered by District

Included in District
Financial Statements, or
Separate Report

There are currently no charter schools in the District.

See notes to supplementary information.

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2023

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Mountain View-Los Altos Union High School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed on the Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2023-2024 fiscal year, as required by the State Controller's Office.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 – EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2023, the District did not adopt this program.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Mountain View-Los Altos Union High School District
Mountain View, California

Report on Compliance***Qualified Opinion on State Compliance***

We have audited Mountain View-Los Altos Union High School District's (the District) compliance with the requirements specified in the State of California *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Qualified Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements noted in the table below.

Matters Giving Rise to Qualified Opinion on State Compliance

As described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, the District did not comply with requirements regarding Instructional Time. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to this program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

(Continued)

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements noted in the table below occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements noted in the table below is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements noted in the table below and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

<u>2022-23 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	N/A, see below
D. Independent Study	N/A, see below
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools	Yes
O. K-3 Grade Span Adjustment	N/A, see below
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes
UU. Independent Study Certification for ADA Loss Mitigation	Yes

(Continued)

School Districts, County Offices of Education, and Charter Schools:

T. California Clean Energy Jobs Act	N/A, see below
U. After/Before School Education and Safety Program	N/A, see below
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	N/A, see below
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	Yes
EZ. Transitional Kindergarten	N/A, see below

Charter Schools:

AA. Attendance	N/A, see below
BB. Mode of Instruction	N/A, see below
CC. Nonclassroom-Based Instruction/Independent Study	N/A, see below
DD. Determination of Funding for Nonclassroom-Based Instruction	N/A, see below
EE. Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter School Facility Grant Program	N/A, see below

The District does not operate elementary schools; therefore, we did not perform any testing of Kindergarten Continuance, K-3 Grade Span Adjustment, or Transitional Kindergarten.

The District's reported Independent Study ADA did not meet the materiality level for testing in the current audit year; therefore, we did not perform any procedures related to Independent Study.

The District did not offer an Early Retirement Incentive program in the current audit year; therefore, we did not perform any procedures related to Early Retirement Incentive.

The District does not operate Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District did not operate any qualifying apprenticeship programs in accordance with the applicable requirements in the current audit year; therefore, we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

We did not perform any procedures related to District of Choice because the District is not classified as a District of Choice by the California Department of Education.

The District did not report expenditures or complete applicable projects for California Clean Energy Jobs Act in the current audit year; therefore, we did not perform any procedures related to the California Clean Energy Jobs Act.

The District does not participate in the After/Before School Education and Safety Program in the current audit year; therefore, we did not perform any procedures related to After/Before School Education and Safety.

The District did not offer an Independent Study - Course Based program in the current audit year; therefore, we did not perform any procedures related to the Independent Study - Course Based

The District does not operate kindergarten or seventh grades; therefore, we did not perform any procedures related to Immunizations.

The District did not report any Expanded Learning Opportunities Grant (ELO-G) expenditures during the current audit year; therefore, we did not perform any procedures related to Expanded Learning Opportunities Grant (ELO-G).

(Continued)

The District did not include any charter schools in this report; therefore, we did not perform any procedures sections AA through FF from the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 13, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Trustees
Mountain View-Los Altos Union High School District
Mountain View, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain View-Los Altos Union High School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Mountain View-Los Altos Union High School District's basic financial statements, and have issued our report thereon dated December 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mountain View-Los Altos Union High School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mountain View-Los Altos Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountain View-Los Altos Union High School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountain View-Los Altos Union High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 13, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Mountain View-Los Altos Union High School District
Mountain View, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mountain View-Los Altos Union High School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Mountain View-Los Altos Union High School District's major federal programs for the year ended June 30, 2023. Mountain View-Los Altos Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mountain View-Los Altos Union High School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mountain View-Los Altos Union High School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mountain View-Los Altos Union High School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Mountain View-Los Altos Union High School District's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mountain View-Los Altos Union High School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mountain View-Los Altos Union High School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mountain View-Los Altos Union High School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mountain View-Los Altos Union High School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mountain View-Los Altos Union High School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 13, 2023

FINDINGS AND RECOMMENDATION

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

Noncompliance material to financial statements noted?

	_____ Yes	_____ X _____ No	
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FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

	_____ Yes	_____ X _____ No	
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Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A	Special Education Cluster
84.425, 84.425C, 84.425D, 84.425U	COVID-19: ESF Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Qualified

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)

2023-001 – MATERIAL WEAKNESS – STATE COMPLIANCE – INSTRUCTIONAL TIME (40000)

Criteria: California Education Code Section 46207 requires grades 9 through 12, inclusive, have 64,800 instructional minutes offered during the school year.

In addition, California Education Code Section 46141 and 46142 require a minimum two-day average school day of 240 minutes for grades 9 through 12, inclusive. No individual day may be less than 180 minutes as part of the calculation of the two-day average.

Condition: The District's calculated total annual instructional minutes offered were less than 64,800 minutes for both traditional high school sites of the District. For the 2022-23 year, the District offered 61,214 annual minimum instructional minutes, which is a deficiency of 3,586 minutes.

In addition, during the 2022-23 school year the site-level calendars and minutes calculations for both high schools included 4 school days with less than 240 minutes per school day.

Context: We performed the audit procedures enumerated in the State of California *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The effect of this finding is a shortage in instructional time of 3,586 minutes, and applies to all grade levels offered by both of the District's traditional high school sites.

Cause: The site-level bell schedules and calendars were prepared without adherence to the education code referred to in the criteria section above.

Fiscal Impact: Based on a total Derived Value of ADA of \$11,752 as provided by the California Department of Education, the total estimated fiscal impact is \$2,622,633.

Identification of Repeat Finding: This is a repeat of Finding 2022-001 in the District's Audit Report for the fiscal year ended June 30, 2022.

Recommendation: School site calendars and bell schedules should be designed to facilitate compliance with the relevant requirements for minimum instructional minutes per day, and in total for the school year. Further, instructional minutes calculations should be reviewed by an individual separate from the preparer to ensure both mathematical accuracy, and adherence to all aspects of Education Codes 46207, 46141, 46142, and others as applicable to the District.

(Continued)

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS
(CONTINUED)

2023-001 – MATERIAL WEAKNESS – STATE COMPLIANCE – INSTRUCTIONAL TIME (40000)

Views of Responsible Officials and Planned Corrective Actions: Prior to the COVID-19 pandemic, the District was working with its labor partners to develop a new bell schedule that would abide by the state law for high school start times to be no earlier than 8:30 a.m. as well as address certain instructional goals of longer class periods that meet less frequently (rotating block periods). The abrupt shift to distance learning caused by COVID-19 put a pause in the development of that new bell schedule. As noted in the Audit Guidelines, the requirement of minimum instructional minutes was waived for the 2019-2020 and 2020-2021 school years. Returning to in-person instruction from distance learning, the District and its labor partners implemented a bell schedule which had a later start time and block periods. To continue to meet the instructional minute requirement, a later start time would cause a later end time, on which there was no agreement prior to 2021-22. It proved challenging to get agreement at the negotiating table. To get final agreement on a revised bell scheduled for 2021-2022, a bell schedule was adopted in 2021. However, after actually implementing the bell schedule in 2021- 2022, it was determined that the bell schedule did not meet the minimum instructional minutes requirement. This same bell schedule was still in effect for the 2022-2023 school year. When the 2022 audit findings confirmed the insufficiency of the instructional minutes, it was already in the second semester of the 2022-2023 school year and mid-year changes could not be made. The District wrapped up negotiations with its teachers' association in the spring of 2023 and has an agreement on a bell schedule for the 2023-2024 school year that meets the instructional minute requirement.

(Continued)

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

MOUNTAIN VIEW-LOS ALTOS UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2023

2022-001 – DEFICIENCY – STATE COMPLIANCE – INSTRUCTIONAL TIME (40000)

Condition: District provided school calendars and bell schedules indicated less than 64,800 minutes were offered for both high school sites in the District.

Recommendation: We recommend that school site calendars and bell schedules be designed in a way that allows each site to meet or exceed the minimum minutes required. These calculations should be reviewed by someone other than the preparer to ensure adherence to the education code.

Current Status: Not Implemented

District Explanation if Not Implemented: Refer to current year finding 2023-001.

2022-002 – DEFICIENCY – STATE COMPLIANCE – TRANSPORTATION MAINTENANCE OF EFFORT (40000)

Condition: Transportation expenditures were \$123,290 for fiscal year 2021-22 which did not meet or exceed the \$254,992 expended in fiscal year 2012-13, or the amount of revenue received in fiscal year 2012-13 of \$254,730.

Recommendation: The District should enforce established internal controls over attendance accounting and reporting, to ensure accurate accounting for attendance.

Current Status: Implemented

District Explanation if Not Implemented: Not applicable.