

Morgan Hill Unified School District

Annual Developer Fee Report 2022-23



Background

Education Code Section 17620, et seq., and Government Code Section 65995, et seq., authorize school districts to impose fees on residential, commercial, and industrial developments to mitigate the impact of the development on a school district's facilities.

Level I developer fees may be levied by school districts pursuant to Education Code section 17620 et.seq. and Government Code section 65995 et.seq. ("School Fee Legislation"). At the February 23, 2022 State Allocation Board meeting there was an increase in the Level I fee for residential and commercial/industrial construction.

The District performed its Developer Fee Justification Study and adopted a resolution on June 7, 2022 increasing the Level I developer fees to conform to the maximum amounts permissible. Beginning August 6, 2022, the District began collecting \$4.79 per square foot for residential construction and \$0.78 per square foot for commercial/industrial construction.

Government Code Section 66001 and Section 66006 require districts to be accountable for the fees that are collected and expended on both an annual and five-year basis. The annual report focuses on the amount of developer fees collected and expended throughout the fiscal year. The five-year report requires a more detailed analysis of a district's overall use of developer fees. The purpose of the five-year report is to illustrate to what extent the fees collected for the development are necessary in meeting the district's facility program needs with respect to housing students and mitigating the impact of growth associated with development. The last five-year report was completed in September 2021 and will not be required again until 2026.

Annual Report

A. Brief Description of the Type of Fee in the Account or Fund

The developer fees consist of statutory school facility fees which were collected by the Morgan Hill Unified School District from new

residential and commercial/industrial development in the amounts noted below. The Capital Facilities Fund is used to segregate fees collected pursuant to Education Code Section 17620, et seq., and Government Code Section 65995, et seq., from other District funds.

B. Amount of the Fee

The developer fees were authorized to be levied on development by the Board of Education. As shown in the District's Developer Fee Justification Study the developer fees only partially mitigate the impacts to the District caused by development because the developer fees do not adequately fund the District's school facilities needs resulting from additional development within the District.

Statutory School Facility Fees (Government Code Section 66006(b)(1)(B)) from July 1, 2022 to August 6, 2022:

Residential	\$4.08 per square foot
Commercial	\$0.66 per square foot*

*Except for Rental Self-Storage projects for which the fee is \$0.09 per square foot

Statutory School Facility Fees (Government Code Section 66006(b)(1)(B)) from August 7, 2022 to June 30, 2023:

Residential	\$4.79 per square foot
Commercial	\$0.78 per square foot*

*Except for Rental Self-Storage projects for which the fee is \$0.09 per square foot

C. Beginning and Ending Balance, Developer Fees Collected, Interest Earned and Expenditures of the Fund

Audited Beginning Balance (7/1/2022)	\$13,397,116.85
Amount of Developer Fees Collected	\$3,822,495.08
Interest Earned	\$379,939.20
Change in Fair Market Value of Cash Assets	(\$130,447.23)
Less: Interfund Transfer to FD 010	\$114,674.85
Less: Expenditures	\$1,174,271.32
Ending Balance (6/30/2023)	\$16,180,157.73

D. Identification of Each District Project on Which Developer Fees Were Expended Including the School Facilities Project Total and Percentage of the Project Cost that was Funded with Developer Fees

Expense Description	Project Total	Percentage of Project Total Funded with Reportable Fees
Borello Site	\$3,249.32	100%
Nordstrom Bldg	\$1,170,455.00	100%
Legal Fees	\$567.00	100%
Total	\$1,174,271.32	

E. When the District Accumulates Sufficient Funds to Complete Project(s) for Which It Previously Identified as Intending to Spend Developer Fees the District Needs to Identify the Approximate Date It Will Commence Construction on Such Project(s)

There are no projects that meet this criteria.

F. Description of Each Interfund Transfer or Loan Made From the Fund

Interfund Transfers:

Description of Project for which Interfund Transfer was Used	Fund(s) to Which Developer Fees Were Transferred	Amount Transferred
Reimbursement of Administrative Costs ¹	General Fund	\$114,674.85

Interfund Loans:

Description of Project for Which Interfund Loan was Used	Fund(s) to Which Developer Fees Were Loaned	Amount Loaned	Date Loan Repaid	Rate of Interest
N/A	N/A	N/A	N/A	N/A

G. The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.

One refund in the amount of \$4,891.92 was processed for FY 2022-23 due to the withdrawal of permit#DEV21-1175.

Additional Information

Revenue expenditure information for 2022-23 information is provided on the attached State reporting forms.

■ ■ ■

Description	Resource Codes	Object Codes	2022-23 Unaudited Actuals	2023-24 Budget	Percent Difference
A. REVENUES					
1) LCFF Sources		8010-8099	0.00	0.00	0.0%
2) Federal Revenue		8100-8299	0.00	0.00	0.0%
3) Other State Revenue		8300-8599	0.00	0.00	0.0%
4) Other Local Revenue		8600-8799	4,071,987.05	3,600,000.00	-11.6%
5) TOTAL, REVENUES			4,071,987.05	3,600,000.00	-11.6%
B. EXPENDITURES					
1) Certificated Salaries		1000-1999	0.00	0.00	0.0%
2) Classified Salaries		2000-2999	0.00	0.00	0.0%
3) Employee Benefits		3000-3999	0.00	0.00	0.0%
4) Books and Supplies		4000-4999	0.00	0.00	0.0%
5) Services and Other Operating Expenditures		5000-5999	567.00	12,875.00	2,170.7%
6) Capital Outlay		6000-6999	1,173,704.32	752,250.50	-35.9%
7) Other Outgo (excluding Transfers of Indirect Costs)		7100-7299, 7400-7499	0.00	0.00	0.0%
8) Other Outgo - Transfers of Indirect Costs		7300-7399	0.00	0.00	0.0%
9) TOTAL, EXPENDITURES			1,174,271.32	765,125.50	-34.8%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)			2,897,715.73	2,834,874.50	-2.2%
D. OTHER FINANCING SOURCES/USES					
1) Interfund Transfers					
a) Transfers In		8900-8929	0.00	0.00	0.0%
b) Transfers Out		7600-7629	114,674.85	105,000.00	-8.4%
2) Other Sources/Uses					
a) Sources		8930-8979	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.0%
3) Contributions		8980-8999	0.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(114,674.85)	(105,000.00)	-8.4%
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			2,783,040.88	2,729,874.50	-1.9%
F. FUND BALANCE, RESERVES					
1) Beginning Fund Balance					
a) As of July 1 - Unaudited		9791	13,397,116.85	16,180,157.73	20.8%
b) Audit Adjustments		9793	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			13,397,116.85	16,180,157.73	20.8%
d) Other Restatements		9795	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			13,397,116.85	16,180,157.73	20.8%
2) Ending Balance, June 30 (E + F1e)			16,180,157.73	18,910,032.23	16.9%
Components of Ending Fund Balance					
a) Nonspendable					
Revolving Cash		9711	0.00	0.00	0.0%
Stores		9712	0.00	0.00	0.0%
Prepaid Items		9713	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.0%
b) Restricted		9740	16,180,157.73	18,910,032.23	16.9%
c) Committed					
Stabilization Arrangements		9750	0.00	0.00	0.0%
Other Commitments		9760	0.00	0.00	0.0%
d) Assigned					
Other Assignments		9780	0.00	0.00	0.0%
e) Unassigned/Unappropriated					
Reserve for Economic Uncertainties		9789	0.00	0.00	0.0%
Unassigned/Unappropriated Amount		9790	0.00	0.00	0.0%
G. ASSETS					
1) Cash					
a) in County Treasury		9110	16,703,613.83		
1) Fair Value Adjustment to Cash in County Treasury		9111	(482,704.14)		
b) in Banks		9120	0.00		
c) in Revolving Cash Account		9130	0.00		
d) with Fiscal Agent/Trustee		9135	0.00		
e) Collections Awaiting Deposit		9140	0.00		

Description	Resource Codes	Object Codes	2022-23 Unaudited Actuals	2023-24 Budget	Percent Difference
2) Investments		9150	0.00		
3) Accounts Receivable		9200	137,689.42		
4) Due from Grantor Government		9290	0.00		
5) Due from Other Funds		9310	0.00		
6) Stores		9320	0.00		
7) Prepaid Expenditures		9330	0.00		
8) Other Current Assets		9340	0.00		
9) Lease Receivable		9380	0.00		
10) TOTAL, ASSETS			16,358,599.11		
H. DEFERRED OUTFLOWS OF RESOURCES					
1) Deferred Outflows of Resources		9490	0.00		
2) TOTAL, DEFERRED OUTFLOWS			0.00		
I. LIABILITIES					
1) Accounts Payable		9500	63,766.53		
2) Due to Grantor Governments		9590	0.00		
3) Due to Other Funds		9610	114,674.85		
4) Current Loans		9640	0.00		
5) Unearned Revenue		9650	0.00		
6) TOTAL, LIABILITIES			178,441.38		
J. DEFERRED INFLOWS OF RESOURCES					
1) Deferred Inflows of Resources		9690	0.00		
2) TOTAL, DEFERRED INFLOWS			0.00		
K. FUND EQUITY					
Ending Fund Balance, June 30 (must agree with line F2) (G10 + H2) - (I6 + J2)			16,180,157.73		
OTHER STATE REVENUE					
Tax Relief Subventions					
Restricted Levies - Other					
Homeowners' Exemptions		8575	0.00	0.00	0.0%
Other Subventions/In-Lieu Taxes		8576	0.00	0.00	0.0%
All Other State Revenue		8590	0.00	0.00	0.0%
TOTAL, OTHER STATE REVENUE			0.00	0.00	0.0%
OTHER LOCAL REVENUE					
Other Local Revenue					
County and District Taxes					
Other Restricted Levies					
Secured Roll		8615	0.00	0.00	0.0%
Unsecured Roll		8616	0.00	0.00	0.0%
Prior Years' Taxes		8617	0.00	0.00	0.0%
Supplemental Taxes		8618	0.00	0.00	0.0%
Non-Ad Valorem Taxes					
Parcel Taxes		8621	0.00	0.00	0.0%
Other		8622	0.00	0.00	0.0%
Community Redevelopment Funds Not Subject to LCFF Deduction		8625	0.00	0.00	0.0%
Penalties and Interest from Delinquent Non-LCFF Taxes		8629	0.00	0.00	0.0%
Sales					
Sale of Equipment/Supplies		8631	0.00	0.00	0.0%
Interest		8660	379,939.20	100,000.00	-73.7%
Net Increase (Decrease) in the Fair Value of Investments		8662	(130,447.23)	0.00	-100.0%
Fees and Contracts					
Mitigation/Developer Fees		8681	3,822,495.08	3,500,000.00	-8.4%
Other Local Revenue					
All Other Local Revenue		8699	0.00	0.00	0.0%
All Other Transfers In from All Others		8799	0.00	0.00	0.0%
TOTAL, OTHER LOCAL REVENUE			4,071,987.05	3,600,000.00	-11.6%
TOTAL, REVENUES			4,071,987.05	3,600,000.00	-11.6%
CERTIFICATED SALARIES					
Other Certificated Salaries		1900	0.00	0.00	0.0%
TOTAL, CERTIFICATED SALARIES			0.00	0.00	0.0%
CLASSIFIED SALARIES					
Classified Support Salaries		2200	0.00	0.00	0.0%

Description	Resource Codes	Object Codes	2022-23 Unaudited Actuals	2023-24 Budget	Percent Difference
Classified Supervisors' and Administrators' Salaries		2300	0.00	0.00	0.0%
Clerical, Technical and Office Salaries		2400	0.00	0.00	0.0%
Other Classified Salaries		2900	0.00	0.00	0.0%
TOTAL, CLASSIFIED SALARIES			0.00	0.00	0.0%
EMPLOYEE BENEFITS					
STRS		3101-3102	0.00	0.00	0.0%
PERS		3201-3202	0.00	0.00	0.0%
OASDI/Medicare/Alternative		3301-3302	0.00	0.00	0.0%
Health and Welfare Benefits		3401-3402	0.00	0.00	0.0%
Unemployment Insurance		3501-3502	0.00	0.00	0.0%
Workers' Compensation		3601-3602	0.00	0.00	0.0%
OPEB, Allocated		3701-3702	0.00	0.00	0.0%
OPEB, Active Employees		3751-3752	0.00	0.00	0.0%
Other Employee Benefits		3901-3902	0.00	0.00	0.0%
TOTAL, EMPLOYEE BENEFITS			0.00	0.00	0.0%
BOOKS AND SUPPLIES					
Approved Textbooks and Core Curricula Materials		4100	0.00	0.00	0.0%
Books and Other Reference Materials		4200	0.00	0.00	0.0%
Materials and Supplies		4300	0.00	0.00	0.0%
Noncapitalized Equipment		4400	0.00	0.00	0.0%
TOTAL, BOOKS AND SUPPLIES			0.00	0.00	0.0%
SERVICES AND OTHER OPERATING EXPENDITURES					
Subagreements for Services		5100	0.00	0.00	0.0%
Travel and Conferences		5200	0.00	0.00	0.0%
Insurance		5400-5450	0.00	0.00	0.0%
Operations and Housekeeping Services		5500	0.00	0.00	0.0%
Rentals, Leases, Repairs, and Noncapitalized Improvements		5600	0.00	0.00	0.0%
Transfers of Direct Costs		5710	0.00	0.00	0.0%
Transfers of Direct Costs - Interfund		5750	0.00	0.00	0.0%
Professional/Consulting Services and Operating Expenditures		5800	567.00	12,875.00	2,170.7%
Communications		5900	0.00	0.00	0.0%
TOTAL, SERVICES AND OTHER OPERATING EXPENDITURES			567.00	12,875.00	2,170.7%
CAPITAL OUTLAY					
Land		6100	0.00	0.00	0.0%
Land Improvements		6170	0.00	0.00	0.0%
Buildings and Improvements of Buildings		6200	1,173,704.32	752,250.50	-35.9%
Books and Media for New School Libraries or Major Expansion of School Libraries		6300	0.00	0.00	0.0%
Equipment		6400	0.00	0.00	0.0%
Equipment Replacement		6500	0.00	0.00	0.0%
Lease Assets		6600	0.00	0.00	0.0%
Subscription Assets		6700	0.00	0.00	0.0%
TOTAL, CAPITAL OUTLAY			1,173,704.32	752,250.50	-35.9%
OTHER OUTGO (excluding Transfers of Indirect Costs)					
Other Transfers Out					
All Other Transfers Out to All Others		7299	0.00	0.00	0.0%
Debt Service					
Debt Service - Interest		7438	0.00	0.00	0.0%
Other Debt Service - Principal		7439	0.00	0.00	0.0%
TOTAL, OTHER OUTGO (excluding Transfers of Indirect Costs)			0.00	0.00	0.0%
TOTAL, EXPENDITURES			1,174,271.32	765,125.50	-34.8%
INTERFUND TRANSFERS					
INTERFUND TRANSFERS IN					
Other Authorized Interfund Transfers In		8919	0.00	0.00	0.0%
(a) TOTAL, INTERFUND TRANSFERS IN			0.00	0.00	0.0%
INTERFUND TRANSFERS OUT					
To: State School Building Fund/County School Facilities Fund		7613	0.00	0.00	0.0%
Other Authorized Interfund Transfers Out		7619	114,674.85	105,000.00	-8.4%
(b) TOTAL, INTERFUND TRANSFERS OUT			114,674.85	105,000.00	-8.4%
OTHER SOURCES/USES					
SOURCES					

Description	Resource Codes	Object Codes	2022-23 Unaudited Actuals	2023-24 Budget	Percent Difference
Proceeds					
Proceeds from Disposal of Capital Assets		8953	0.00	0.00	0.0%
Other Sources					
Transfers from Funds of Lapsed/Reorganized LEAs		8965	0.00	0.00	0.0%
Long-Term Debt Proceeds					
Proceeds from Certificates of Participation		8971	0.00	0.00	0.0%
Proceeds from Leases		8972	0.00	0.00	0.0%
Proceeds from Lease Revenue Bonds		8973	0.00	0.00	0.0%
Proceeds from SBITAs		8974	0.00	0.00	0.0%
All Other Financing Sources		8979	0.00	0.00	0.0%
(c) TOTAL, SOURCES			0.00	0.00	0.0%
USES					
Transfers of Funds from Lapsed/Reorganized LEAs		7651	0.00	0.00	0.0%
All Other Financing Uses		7699	0.00	0.00	0.0%
(d) TOTAL, USES			0.00	0.00	0.0%
CONTRIBUTIONS					
Contributions from Unrestricted Revenues		8980	0.00	0.00	0.0%
Contributions from Restricted Revenues		8990	0.00	0.00	0.0%
(e) TOTAL, CONTRIBUTIONS			0.00	0.00	0.0%
TOTAL, OTHER FINANCING SOURCES/USES (a - b + c - d + e)			(114,674.85)	(105,000.00)	-8.4%

Description	Function Codes	Object Codes	2022-23 Unaudited Actuals	2023-24 Budget	Percent Difference
A. REVENUES					
1) LCFF Sources		8010-8099	0.00	0.00	0.0%
2) Federal Revenue		8100-8299	0.00	0.00	0.0%
3) Other State Revenue		8300-8599	0.00	0.00	0.0%
4) Other Local Revenue		8600-8799	4,071,987.05	3,600,000.00	-11.6%
5) TOTAL, REVENUES			4,071,987.05	3,600,000.00	-11.6%
B. EXPENDITURES (Objects 1000-7999)					
1) Instruction	1000-1999		0.00	0.00	0.0%
2) Instruction - Related Services	2000-2999		0.00	0.00	0.0%
3) Pupil Services	3000-3999		0.00	0.00	0.0%
4) Ancillary Services	4000-4999		0.00	0.00	0.0%
5) Community Services	5000-5999		0.00	0.00	0.0%
6) Enterprise	6000-6999		0.00	0.00	0.0%
7) General Administration	7000-7999		0.00	0.00	0.0%
8) Plant Services	8000-8999		1,174,271.32	765,125.50	-34.8%
9) Other Outgo	9000-9999	Except 7600-7699	0.00	0.00	0.0%
10) TOTAL, EXPENDITURES			1,174,271.32	765,125.50	-34.8%
C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 -B10)			2,897,715.73	2,834,874.50	-2.2%
D. OTHER FINANCING SOURCES/USES					
1) Interfund Transfers					
a) Transfers In		8900-8929	0.00	0.00	0.0%
b) Transfers Out		7600-7629	114,674.85	105,000.00	-8.4%
2) Other Sources/Uses					
a) Sources		8930-8979	0.00	0.00	0.0%
b) Uses		7630-7699	0.00	0.00	0.0%
3) Contributions		8980-8999	0.00	0.00	0.0%
4) TOTAL, OTHER FINANCING SOURCES/USES			(114,674.85)	(105,000.00)	-8.4%
E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)			2,783,040.88	2,729,874.50	-1.9%
F. FUND BALANCE, RESERVES					
1) Beginning Fund Balance					
a) As of July 1 - Unaudited		9791	13,397,116.85	16,180,157.73	20.8%
b) Audit Adjustments		9793	0.00	0.00	0.0%
c) As of July 1 - Audited (F1a + F1b)			13,397,116.85	16,180,157.73	20.8%
d) Other Restatements		9795	0.00	0.00	0.0%
e) Adjusted Beginning Balance (F1c + F1d)			13,397,116.85	16,180,157.73	20.8%
2) Ending Balance, June 30 (E + F1e)			16,180,157.73	18,910,032.23	16.9%
Components of Ending Fund Balance					
a) Nonspendable					
Revolving Cash		9711	0.00	0.00	0.0%
Stores		9712	0.00	0.00	0.0%
Prepaid Items		9713	0.00	0.00	0.0%
All Others		9719	0.00	0.00	0.0%
b) Restricted		9740	16,180,157.73	18,910,032.23	16.9%
c) Committed					
Stabilization Arrangements		9750	0.00	0.00	0.0%
Other Commitments (by Resource/Object)		9760	0.00	0.00	0.0%
d) Assigned					
Other Assignments (by Resource/Object)		9780	0.00	0.00	0.0%
e) Unassigned/Unappropriated					
Reserve for Economic Uncertainties		9789	0.00	0.00	0.0%
Unassigned/Unappropriated Amount		9790	0.00	0.00	0.0%

		2022-23 Unaudited Actuals	2023-24 Budget
Resource	Description		
9010	Other Restricted Local	16,180,157.73	18,910,032.23
Total, Restricted Balance		16,180,157.73	18,910,032.23