

Budget Summary

- **The 2022-23 Second Interim Budget is a state requirement, updating the First Interim Budget from last December. The Second Interim Budget must be board-approved and submitted to Hesperia USD by March 15th of each year.**
- **Encore is receiving substantial one-time pandemic recovery revenues this year from both federal and state sources. These funds include \$2.56 million in state “Hold Harmless ADA” funds and \$1.28 million in State Learning Recovery and Arts/Music Block Grants. This budget does not include any portion of the Employee Retention Credit, which is anticipated to be received this year but is not certain.**
- **While enrollment has dropped from last year, these one-time revenues will allow Encore to end this 2022-23 year with a budget surplus of \$1.2 million, increasing ending balance to \$4.3 million, or 34.6% of expenditures.**
- **The influx of one-time funds will also allow Encore to repay its 2022 Bonds in full this year, leaving the School with no debt other than the lease for the main campus. Cash flow is also greatly improved from prior years, providing fiscal stability for operations.**
- **However, Encore is facing an ongoing structural budget deficit when all one-time monies are removed, which will require enrollment growth and/or expenditure reductions in future years for ongoing balanced budgets.**
- **We recommend that Encore work to stimulate student retention and demand for new Encore students next year. Increasing enrollment will be the best way to bridge budget gaps in future years without cutting programs.**