

# SARATOGA UNION SCHOOL DISTRICT

AUDIT REPORT  
JUNE 30, 2022



SARATOGA UNION  
SCHOOL DISTRICT

**SARATOGA UNION SCHOOL DISTRICT**  
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**JUNE 30, 2022**

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## **FINANCIAL SECTION**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Independent Auditors' Report

Governing Board  
Saratoga Union School District  
Saratoga, California

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saratoga Union School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Saratoga Union School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saratoga Union School District, as of June 30, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Saratoga Union 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 the Saratoga Union 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.

## ***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 generally accepted auditing standards 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 judgement made by a reasonable user of the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Saratoga Union 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Saratoga Union 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 required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saratoga Union School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and 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, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022 on our consideration of the Saratoga Union 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 the Saratoga Union 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 Saratoga Union School District's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
October 28, 2022

# SARATOGA UNION SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

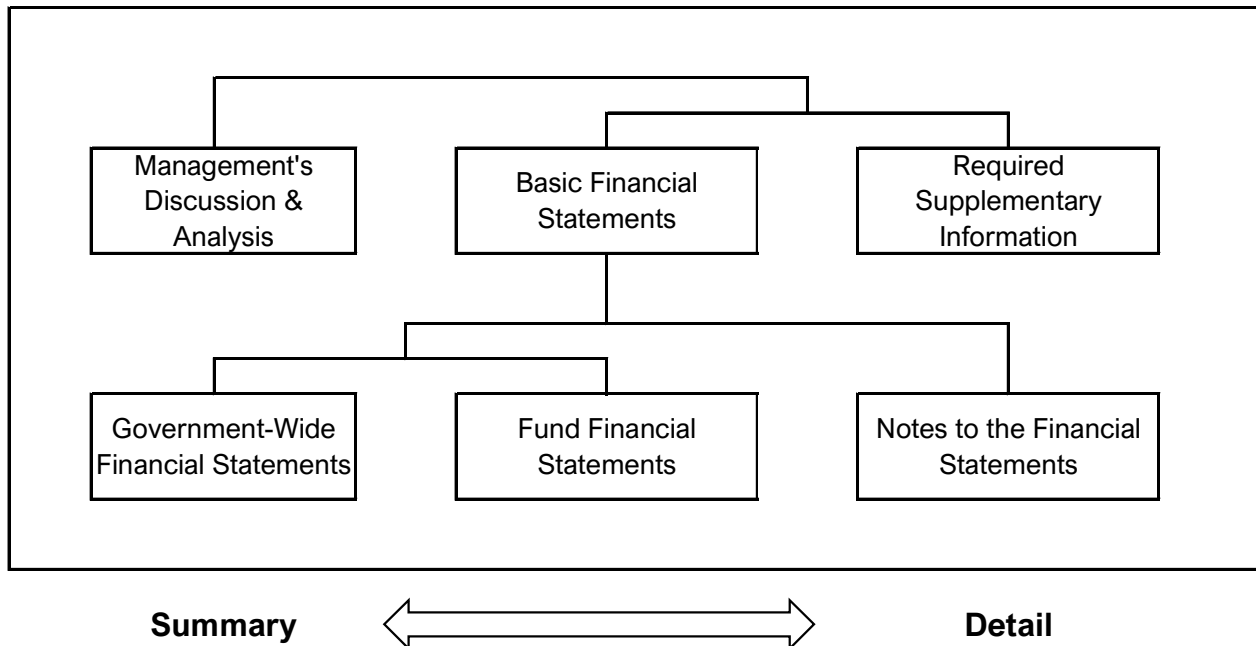
Our discussion and analysis of Saratoga Union School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total net position was \$(14,794,002) at June 30, 2022. This was an increase of \$9,315,996 from the prior year.
- Overall revenues were \$46,148,131 which exceeded expenses of \$36,832,135.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section





**SARATOGA UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

**Government-Wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Property taxes, federal and state grants and parcel taxes finance most of these activities.

**SARATOGA UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's combined net position was \$(14,794,002) at June 30, 2022, as reflected in the table below. Of this amount, \$(55,520,459) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
<b>ASSETS</b>						
Current and other assets	\$ 31,562,966	\$ 27,796,543	\$ 3,766,423	\$ 279,782	\$ 94,226	\$ 185,556
Capital assets	44,274,764	45,268,024	(993,260)	-	-	-
<b>Total Assets</b>	<b>75,837,730</b>	<b>73,064,567</b>	<b>2,773,163</b>	<b>279,782</b>	<b>94,226</b>	<b>185,556</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>7,125,873</b>	<b>8,802,009</b>	<b>(1,676,136)</b>	<b>119,472</b>	<b>163,542</b>	<b>(44,070)</b>
<b>LIABILITIES</b>						
Current liabilities	8,515,502	7,614,583	900,919	356	17,440	(17,084)
Long-term liabilities	71,168,349	95,270,737	(24,102,388)	467,222	800,467	(333,245)
<b>Total Liabilities</b>	<b>79,683,851</b>	<b>102,885,320</b>	<b>(23,201,469)</b>	<b>467,578</b>	<b>817,907</b>	<b>(350,329)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>17,754,994</b>	<b>-</b>	<b>17,754,994</b>	<b>250,436</b>	<b>-</b>	<b>250,436</b>
<b>NET POSITION</b>						
Net investment in capital assets	28,934,389	28,071,854	862,535	-	-	-
Restricted	11,792,068	11,249,304	542,764	-	-	-
Unrestricted	(55,201,699)	(62,871,017)	7,669,318	(318,760)	(560,139)	241,379
<b>Total Net Position</b>	<b>\$ (14,475,242)</b>	<b>\$ (23,549,859)</b>	<b>\$ 9,074,617</b>	<b>\$ (318,760)</b>	<b>\$ (560,139)</b>	<b>\$ 241,379</b>

**SARATOGA UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The following table takes the information from the Statement and rearranges it slightly, so you can see our total revenues, expenses and transfers and special items for the year.

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 57,542	\$ 95,556	\$ (38,014)	\$ -	\$ -	\$ -
Operating grants and contributions	3,019,918	4,645,169	(1,625,251)	864,159	168,463	695,696
General revenues						
Property taxes	40,865,672	38,849,124	2,016,548	-	-	-
Unrestricted federal and state aid	998,401	569,078	429,323	-	-	-
Other	342,439	230,101	112,338	-	588	(588)
<b>Total Revenues</b>	<b>45,283,972</b>	<b>44,389,028</b>	<b>894,944</b>	<b>864,159</b>	<b>169,051</b>	<b>695,108</b>
<b>EXPENSES</b>						
Instruction	18,225,330	23,234,452	(5,009,122)	-	-	-
Instruction-related services	3,013,214	3,402,343	(389,129)	-	-	-
Pupil services	2,921,074	2,401,381	519,693	-	-	-
General administration	3,313,983	3,178,732	135,251	-	-	-
Plant services	3,532,036	2,918,854	613,182	-	-	-
Ancillary services	17,366	11,313	6,053	-	-	-
Debt service	3,008,751	3,194,455	(185,704)	-	-	-
Depreciation	2,174,862	2,161,840	13,022	-	-	-
Enterprise activities	2,739	-	2,739	622,780	606,517	16,263
<b>Total Expenses</b>	<b>36,209,355</b>	<b>40,503,370</b>	<b>(4,294,015)</b>	<b>622,780</b>	<b>606,517</b>	<b>16,263</b>
Transfers & special items	-	(383,433)	383,433	-	383,433	(383,433)
<b>Change in net position</b>	<b>9,074,617</b>	<b>3,502,225</b>	<b>5,572,392</b>	<b>241,379</b>	<b>(54,033)</b>	<b>295,412</b>
<b>Net Position - Beginning, as Restated*</b>	<b>(23,549,859)</b>	<b>(27,052,084)</b>	<b>3,502,225</b>	<b>(560,139)</b>	<b>(506,106)</b>	<b>(54,033)</b>
<b>Net Position - Ending</b>	<b>\$ (14,475,242)</b>	<b>\$ (23,549,859)</b>	<b>\$ 9,074,617</b>	<b>\$ (318,760)</b>	<b>\$ (560,139)</b>	<b>\$ 241,379</b>

\*Beginning net position was restated for governmental activities the 2021 year only.

**SARATOGA UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

The cost of all our governmental activities this year was \$36,209,355. The net cost of these activities was only \$33,131,895 because a portion of the charges for services, and costs were paid by other governments and organizations who subsidized programs with grants and contributions.

	<b>Net Cost of Services</b>	
	<b>2022</b>	<b>2021</b>
Instruction	\$ 16,674,964	\$ 19,306,299
Instruction-related services	3,013,214	3,151,003
Pupil services	1,426,308	1,883,806
General administration	3,310,784	3,151,788
Plant services	3,511,520	2,903,223
Ancillary services	11,492	10,231
Debt service	3,008,751	3,194,455
Depreciation	2,174,862	2,161,840
<b>Total</b>	<b>\$ 33,131,895</b>	<b>\$ 35,762,645</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$30,688,368, which is more than this year's beginning fund balance of \$27,332,864. The District's General Fund had \$445,916 more in operating revenues than expenditures for the year ended June 30, 2022. The District's Deferred Maintenance Fund had \$2,557,845 more in operating revenues than expenditures for the year ended June 30, 2022. The District's Capital Facilities Fund had \$69,146 more in operating revenues than expenditures for the year ended June 30, 2022. The District's Bond Interest and Redemption Fund had \$421,829 more in operating revenues than expenditures for the year ended June 30, 2022.

**CURRENT YEAR BUDGET 2021-2022**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a regular basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**SARATOGA UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2021-2022 the District had invested \$44,274,764 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2022	2021	Net Change
<b>CAPITAL ASSETS</b>			
Land	\$ 145,166	\$ 145,166	\$ -
Construction in progress	1,008,088	-	1,008,088
Land improvements	5,007,218	4,955,113	52,105
Buildings & improvements	82,401,691	82,323,472	78,219
Furniture & equipment	754,257	711,067	43,190
Accumulated depreciation	(45,041,656)	(42,866,794)	(2,174,862)
<b>Total Capital Assets</b>	<b>\$ 44,274,764</b>	<b>\$ 45,268,024</b>	<b>\$ (993,260)</b>

**Long-Term Liabilities**

At year-end, the District had \$71,635,571 in long-term liabilities, a decrease of 25% from last year's amount – as shown below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
<b>LONG-TERM LIABILITIES</b>						
Total general obligation bonds	\$ 52,283,428	\$ 56,105,092	\$ (3,821,664)	\$ -	\$ -	\$ -
Early retirement incentive	977,712	1,303,616	(325,904)	-	-	-
Compensated absences	154,599	159,084	(4,485)	-	-	-
Total OPEB liability	7,596,056	10,160,494	(2,564,438)	-	-	-
Net pension liability	17,797,458	34,693,355	(16,895,897)	467,222	800,467	(333,245)
Less: current portion of long-term liabilities	(7,640,904)	(7,150,904)	(490,000)	-	-	-
<b>Total Long-term Liabilities</b>	<b>\$ 71,168,349</b>	<b>\$ 95,270,737</b>	<b>\$ (24,102,388)</b>	<b>\$ 467,222</b>	<b>\$ 800,467</b>	<b>\$ (333,245)</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its September 2022 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was likely to muddle along with below-trend growth and continued high inflation over the next twelve months. No recession is forecast at this time; however, the possibility still exists that persistent inflation and aggressive interest rate policy will lead to a hard landing of the economy, potentially triggering a recession. In California, defense spending and technology demands will likely keep the economy growing.

**SARATOGA UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2022 Budget Revision includes total funding of \$128.3 billion (\$78.4 billion General Fund and \$49.9 billion other funds) for all K-12 education programs, additionally, the revised spending plan further accelerates the implementation of the "California for All Kids" plan, which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds and empower parents and families with more options and services. The Proposition 98 Guarantee continues to be in Test 1 for 2021-22 and 2022-23. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor's Budget proposed re-benching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.03 percent to approximately 38.4 percent. The May Revision updates the increased Test 1 percentage from approximately 38.4 percent to approximately 38.3 percent. At May Revision, the 2022-23 cost-of-living adjustment (COLA) is updated to 6.56 percent, the largest COLA in the history of LCFF.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the District. The CalSTRS projected employer contribution rate for 2022-23 is 19.10 percent. The CalPERS projected employer contribution rate for 2022-23 is 25.37 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values.

All of these factors were considered in preparing the District's budget for the 2022-23 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and 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 about this report or need any additional financial information, contact the Business Office at Saratoga Union School District, 20460 Forrest Hills Drive, Saratoga, California, 95070, (408) 867-3424, Ext. 507.

**SARATOGA UNION SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 30,216,045	\$ 195,742	\$ 30,411,787
Accounts receivable	1,087,675	605	1,088,280
Internal balances	(83,435)	83,435	-
Prepaid expenses	342,681	-	342,681
Capital assets, not depreciated	1,153,254	-	1,153,254
Capital assets, net of accumulated depreciation	43,121,510	-	43,121,510
<b>Total Assets</b>	<b>75,837,730</b>	<b>279,782</b>	<b>76,117,512</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	5,574,067	119,472	5,693,539
Deferred outflows related to OPEB	1,551,806	-	1,551,806
<b>Total Deferred Outflows of Resources</b>	<b>7,125,873</b>	<b>119,472</b>	<b>7,245,345</b>
<b>LIABILITIES</b>			
Accrued liabilities	624,450	356	624,806
Unearned revenue	250,148	-	250,148
Long-term liabilities, current portion	7,640,904	-	7,640,904
Long-term liabilities, non-current portion	71,168,349	467,222	71,635,571
<b>Total Liabilities</b>	<b>79,683,851</b>	<b>467,578</b>	<b>80,151,429</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	14,249,619	250,436	14,500,055
Deferred inflows related to OPEB	3,505,375	-	3,505,375
<b>Total Deferred Inflows of Resources</b>	<b>17,754,994</b>	<b>250,436</b>	<b>18,005,430</b>
<b>NET POSITION</b>			
Net investment in capital assets	28,934,389	-	28,934,389
Restricted:			
Capital projects	3,549,131	-	3,549,131
Debt service	7,635,221	-	7,635,221
Educational programs	463,636	-	463,636
Food service	134,195	-	134,195
Associated student body	9,885	-	9,885
Unrestricted	(55,201,699)	(318,760)	(55,520,459)
<b>Total Net Position</b>	<b>\$ (14,475,242)</b>	<b>\$ (318,760)</b>	<b>\$ (14,794,002)</b>

The accompanying notes are an integral part of these financial statements.

**SARATOGA UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
<b>GOVERNMENTAL ACTIVITIES</b>					<b>Total</b>
Instruction	\$ 18,225,330	\$ 56,021	\$ 1,494,345	\$ (16,674,964)	
Instruction-related services					
Instructional supervision and administration	614,974	-	-	(614,974)	
Instructional library, media, and technology	246,205	-	-	(246,205)	
School site administration	2,152,035	-	-	(2,152,035)	
Pupil services					
Home-to-school transportation	57,371	-	636	(56,735)	
Food services	1,014,833	-	1,035,710	20,877	
All other pupil services	1,848,870	-	458,420	(1,390,450)	
General administration					
Centralized data processing	749,187	-	-	(749,187)	
All other general administration	2,564,796	150	3,049	(2,561,597)	
Plant services	3,532,036	1,271	19,245	(3,511,520)	
Ancillary services	17,366	100	5,774	(11,492)	
Enterprise activities	2,739	-	2,739	-	
Interest on long-term debt	3,008,751	-	-	(3,008,751)	
Depreciation (unallocated)	2,174,862	-	-	(2,174,862)	
<b>Total Governmental Activities</b>	<b>\$ 36,209,355</b>	<b>\$ 57,542</b>	<b>\$ 3,019,918</b>	<b>(33,131,895)</b>	
<b>BUSINESS-TYPE ACTIVITIES</b>					
Enterprise activities	622,780	-	864,159		\$ 241,379
<b>Total Business-Type Activities</b>	<b>622,780</b>	<b>-</b>	<b>864,159</b>		<b>241,379</b>
<b>Total School District</b>	<b>\$ 36,832,135</b>	<b>\$ 57,542</b>	<b>\$ 3,884,077</b>		<b>\$ (32,890,516)</b>
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes				33,169,348	- 33,169,348
Property taxes, levied for debt service				7,223,197	- 7,223,197
Property taxes, levied for other specific purposes				473,127	- 473,127
Federal and state aid not restricted for specific purposes				998,401	- 998,401
Interest and investment earnings				122,739	- 122,739
Interagency revenues				369	- 369
Miscellaneous				219,331	- 219,331
<b>Subtotal, General Revenue</b>				<b>42,206,512</b>	<b>- 42,206,512</b>
<b>CHANGE IN NET POSITION</b>				<b>9,074,617</b>	<b>241,379 9,315,996</b>
<b>Net Position - Beginning</b>				<b>(23,549,859)</b>	<b>(560,139) (24,109,998)</b>
<b>Net Position - Ending</b>				<b>\$ (14,475,242)</b>	<b>\$ (318,760) \$ (14,794,002)</b>

The accompanying notes are an integral part of these financial statements.



**SARATOGA UNION SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2022**

	General Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 13,215,361	\$ 3,897,216	\$ 3,540,111	\$ 7,622,983	\$ 1,940,374	\$ 30,216,045
Accounts receivable	921,721	10,299	8,898	12,238	134,519	1,087,675
Prepaid expenditures	342,681	-	-	-	-	342,681
<b>Total Assets</b>	<b>\$ 14,479,763</b>	<b>\$ 3,907,515</b>	<b>\$ 3,549,009</b>	<b>\$ 7,635,221</b>	<b>\$ 2,074,893</b>	<b>\$ 31,646,401</b>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 150,279	\$ 447,022	\$ -	\$ -	\$ 27,149	\$ 624,450
Due to other funds	83,435	-	-	-	-	83,435
Unearned revenue	250,148	-	-	-	-	250,148
<b>Total Liabilities</b>	<b>483,862</b>	<b>447,022</b>	<b>-</b>	<b>-</b>	<b>27,149</b>	<b>958,033</b>
<b>FUND BALANCES</b>						
Nonspendable	343,316	-	-	-	-	343,316
Restricted	463,636	-	3,549,009	7,635,221	2,047,744	13,695,610
Committed	-	3,460,493	-	-	-	3,460,493
Assigned	4,206,218	-	-	-	-	4,206,218
Unassigned	8,982,731	-	-	-	-	8,982,731
<b>Total Fund Balances</b>	<b>13,995,901</b>	<b>3,460,493</b>	<b>3,549,009</b>	<b>7,635,221</b>	<b>2,047,744</b>	<b>30,688,368</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,479,763</b>	<b>\$ 3,907,515</b>	<b>\$ 3,549,009</b>	<b>\$ 7,635,221</b>	<b>\$ 2,074,893</b>	<b>\$ 31,646,401</b>

The accompanying notes are an integral part of these financial statements.

**SARATOGA UNION SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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**Total Fund Balance - Governmental Funds** \$ 30,688,368

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, accumulated depreciation and accumulated amortization:

Capital assets	\$ 89,316,420	
Accumulated depreciation	<u>(45,041,656)</u>	44,274,764

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 52,283,428	
Early retirement incentive	977,712	
Compensated absences	154,599	
Total OPEB liability	7,596,056	
Net pension liability	<u>17,797,458</u>	(78,809,253)

Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions 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 are reported.

Deferred outflows of resources related to pensions	\$ 5,574,067	
Deferred inflows of resources related to pensions	<u>(14,249,619)</u>	(8,675,552)

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to 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 OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 1,551,806	
Deferred inflows of resources related to OPEB	<u>(3,505,375)</u>	(1,953,569)

<b>Total Net Position - Governmental Activities</b>		<u>\$ (14,475,242)</u>
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**SARATOGA UNION SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
LCFF sources	\$ 29,928,990	\$ 3,900,000	\$ -	\$ -	\$ -	\$ 33,828,990
Federal sources	967,146	-	-	-	938,479	1,905,625
Other state sources	3,014,827	-	-	15,123	63,573	3,093,523
Other local sources	1,654,665	15,040	85,721	7,237,121	21,573	9,014,120
<b>Total Revenues</b>	<b>35,565,628</b>	<b>3,915,040</b>	<b>85,721</b>	<b>7,252,244</b>	<b>1,023,625</b>	<b>47,842,258</b>
<b>EXPENDITURES</b>						
Current						
Instruction	22,208,896	-	-	-	-	22,208,896
Instruction-related services						
Instructional supervision and administration	721,752	-	-	-	-	721,752
Instructional library, media, and technology	290,821	-	-	-	-	290,821
School site administration	2,561,056	-	-	-	-	2,561,056
Pupil services						
Home-to-school transportation	57,371	-	-	-	-	57,371
Food services	36,482	-	-	-	992,208	1,028,690
All other pupil services	2,167,008	-	-	-	-	2,167,008
General administration						
Centralized data processing	802,112	-	-	-	-	802,112
All other general administration	2,683,232	-	5,325	-	-	2,688,557
Plant services	3,206,700	425,115	11,250	-	-	3,643,065
Facilities acquisition and construction	41,162	932,080	-	-	166,087	1,139,329
Ancillary services	14,477	-	-	-	4,562	19,039
Enterprise activities	2,739	-	-	-	-	2,739
Debt service						
Principal	325,904	-	-	6,825,000	-	7,150,904
Interest and other	-	-	-	5,415	-	5,415
<b>Total Expenditures</b>	<b>35,119,712</b>	<b>1,357,195</b>	<b>16,575</b>	<b>6,830,415</b>	<b>1,162,857</b>	<b>44,486,754</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>445,916</b>	<b>2,557,845</b>	<b>69,146</b>	<b>421,829</b>	<b>(139,232)</b>	<b>3,355,504</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	50,000	50,000
Transfers out	(50,000)	-	-	-	-	(50,000)
<b>Net Financing Sources (Uses)</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>395,916</b>	<b>2,557,845</b>	<b>69,146</b>	<b>421,829</b>	<b>(89,232)</b>	<b>3,355,504</b>
<b>Fund Balance - Beginning</b>	<b>13,599,985</b>	<b>902,648</b>	<b>3,479,863</b>	<b>7,213,392</b>	<b>2,136,976</b>	<b>27,332,864</b>
<b>Fund Balance - Ending</b>	<b>\$ 13,995,901</b>	<b>\$ 3,460,493</b>	<b>\$ 3,549,009</b>	<b>\$ 7,635,221</b>	<b>\$ 2,047,744</b>	<b>\$ 30,688,368</b>

The accompanying notes are an integral part of these financial statements.

**SARATOGA UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Net Change in Fund Balances - Governmental Funds** **\$ 3,355,504**

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

**Capital outlay:**

In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and lease assets are allocated over their estimated useful lives as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay:	\$ 1,181,602	
Depreciation expense:	<u>(2,174,862)</u>	(993,260)

**Debt service:**

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

6,825,000

**Accreted interest on long-term debt:**

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

(3,003,336)

**Compensated absences:**

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

4,485

**Other expenditures relating to prior periods:**

Certain expenditures recognized in governmental funds relate to prior periods. Typical examples are payments on structured legal settlements or retirement incentives paid over time. These expenditures are recognized in the government-wide statement of activities in the period in which the obligations were first incurred, so they must not be recognized again in the current period. Expenditures relating to prior periods for early retirement incentives were:

325,904

**Postemployment benefits other than pensions (OPEB):**

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(44,449)

**Pensions:**

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

2,604,769

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>9,074,617</u></b>
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The accompanying notes are an integral part of these financial statements.

**SARATOGA UNION SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

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	<b>Business-Type Activities</b>
	<b>Child Care Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 195,742
Accounts receivable	605
Due from other funds	83,435
Total current assets	279,782
<b>Total Assets</b>	<b>279,782</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	119,472
<b>Total Deferred Outflows of Resources</b>	<b>119,472</b>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	356
Total current liabilities	356
Non-current liabilities	
Net pension liability	467,222
Total non-current liabilities	467,222
<b>Total Liabilities</b>	<b>467,578</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	250,436
<b>Total Deferred Inflows of Resources</b>	<b>250,436</b>
<b>NET POSITION</b>	
Unrestricted	(318,760)
<b>Total Net Position</b>	<b>\$ (318,760)</b>

The accompanying notes are an integral part of these financial statements.

**SARATOGA UNION SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Business-Type Activities</b>
	<b>Child Care Fund</b>
<b>OPERATING REVENUES</b>	
Other local revenues	\$ 863,184
<b>Total operating revenues</b>	<b>863,184</b>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	669,445
Supplies and materials	17,361
Professional services	(64,026)
<b>Total operating expenses</b>	<b>622,780</b>
<b>Operating income/(loss)</b>	<b>240,404</b>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	975
<b>Total non-operating revenues/(expenses)</b>	<b>975</b>
<b>CHANGE IN NET POSITION</b>	<b>241,379</b>
<b>Net Position - Beginning</b>	<b>(560,139)</b>
<b>Net Position - Ending</b>	<b>\$ (318,760)</b>

The accompanying notes are an integral part of these financial statements.

**SARATOGA UNION SCHOOL DISTRICT  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Business-Type Activities</b>
	<b>Child Care Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 862,727
Cash payments for payroll, insurance, and operating costs	(678,603)
Net cash provided by (used for) operating activities	184,124
<b>Cash flows from investing activities</b>	
Interest received	975
Net cash provided by (used for) investing activities	975
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	185,099
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	10,643
End of year	\$ 195,742
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ 240,404
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(455)
(Increase) decrease in due from other funds	(2)
(Increase) decrease in deferred outflows related to pensions	44,070
Increase (decrease) in accrued liabilities	296
Increase (decrease) in unearned revenue	(17,380)
Increase (decrease) in net pension liability	(333,245)
Increase (decrease) in deferred inflows related to pensions	250,436
<b>Net cash provided by (used for) operating activities</b>	\$ 184,124

The accompanying notes are an integral part of these financial statements.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Saratoga Union School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

**C. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.



**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

**Major Governmental Funds**

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*).

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

**Non-Major Governmental Funds**

**Special Revenue Funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Student Activity Fund:** This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds (continued)**

**Special Revenue Funds (continued)**

**Cafeteria Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

**Capital Project Funds:** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**County School Facilities Fund:** This fund is established pursuant to *Education Code Section 17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section 17070 et seq.*).

**Proprietary Funds**

**Enterprise Funds:** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

**Child Care Fund:** This fund may be used to account for other business-type activities. The District is using to report child care activities.

**D. Basis of Accounting – Measurement Focus**

**Government-Wide and Proprietary Financial Statements**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Government-Wide and Proprietary Financial Statements (continued)**

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the other enterprise fund are childcare fees. Operating expenses for the other enterprise fund include salaries and benefits of employees and supplies and materials purchased to run the childcare program.

**Governmental Funds**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Unearned Revenue**

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Unearned Revenue (continued)**

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position**

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**Investments**

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

**Capital Assets**

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings and Improvements	20-50
Furniture and Equipment	2-15

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because 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 when the employee retires.

**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

**Premiums and Discounts**

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 through June 30, 2021

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Postemployment Benefits Other Than Pensions (OPEB) (continued)**

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**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 defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Fund Balance (continued)**

*Restricted* - 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.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. 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. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - 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. 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.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**H. Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

**I. Property Tax**

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

**J. New Accounting Pronouncements**

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has fully implemented this Statement as of June 30, 2022.



**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 96** – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 97** – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Investment in county treasury	\$ 30,205,525	\$ 195,742
Cash on hand and in banks	9,885	-
Cash in revolving fund	635	-
<b>Total</b>	<b>\$ 30,216,045</b>	<b>\$ 195,742</b>

**B. Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Santa Clara County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$29,647,280 and an amortized book value of \$30,401,267. The average weighted maturity for this pool is 738 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2022, the pooled investments in the County Treasury were not rated.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk.

**G. Fair Value**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Santa Clara County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements at June 30, 2022 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	<b><u>\$ 29,647,280</u></b>
<b>Total</b>	<b><u>\$ 29,647,280</u></b>

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

**NOTE 3 – RECEIVABLES**

**Accounts Receivable**

Accounts receivable at June 30, 2022 consisted of the following:

	General Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Governmental Activities	Business-Type Activities
Federal Government							
Categorical aid	\$ 505,057	\$ -	\$ -	\$ -	\$ 128,625	\$ 633,682	\$ -
State Government							
Categorical aid	127,350	-	-	-	851	128,201	-
Lottery	67,964	-	-	-	-	67,964	-
Local Government							
Other local sources	221,350	10,299	8,898	12,238	5,043	257,828	605
<b>Total</b>	<b>\$ 921,721</b>	<b>\$ 10,299</b>	<b>\$ 8,898</b>	<b>\$ 12,238</b>	<b>\$ 134,519</b>	<b>\$ 1,087,675</b>	<b>\$ 605</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 145,166	\$ -	\$ -	\$ 145,166
Construction in progress	-	1,008,088	-	1,008,088
Total capital assets not being depreciated	145,166	1,008,088	-	1,153,254
Capital assets being depreciated				
Land improvements	4,955,113	52,105	-	5,007,218
Buildings & improvements	82,323,472	78,219	-	82,401,691
Furniture & equipment	711,067	43,190	-	754,257
Total capital assets being depreciated	87,989,652	173,514	-	88,163,166
Less accumulated depreciation				
Land improvements	3,515,432	170,962	-	3,686,394
Buildings & improvements	38,870,062	1,959,542	-	40,829,604
Furniture & equipment	481,300	44,358	-	525,658
Total accumulated depreciation	42,866,794	2,174,862	-	45,041,656
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 45,268,024</b>	<b>\$ (993,260)</b>	<b>\$ -</b>	<b>\$ 44,274,764</b>

**NOTE 5 – INTERFUND TRANSACTIONS**

**A. Interfund Receivables/Payables (Due From/Due To)**

Individual interfund receivable and payable balances at June 30, 2022 consisted of \$83,435 due from the General Fund to the Child Care Fund to cover excess expenditures due to COVID-19 school site closures.

**B. Interfund Transfers**

The individual interfund transfers during the year ended June 30, 2022 consisted of a transfer of \$50,000 from the General Fund to the Cafeteria Fund for a current year contribution.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2022 consisted of the following:

	General Fund	Deferred Maintenance Fund	Non-Major Governmental Funds	Governmental Activities	Business-Type Activities
Payroll	\$ 18,314	\$ -	\$ -	\$ 18,314	\$ -
Construction	-	-	12,118	12,118	-
Vendors payable	131,965	447,022	15,031	594,018	356
<b>Total</b>	<b>\$ 150,279</b>	<b>\$ 447,022</b>	<b>\$ 27,149</b>	<b>\$ 624,450</b>	<b>\$ 356</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2022 consisted of the following:

	General Fund
Federal sources	\$ 30,334
State categorical sources	91,157
Local sources	128,657
<b>Total</b>	<b>\$ 250,148</b>

**NOTE 8 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2022 consisted of the following:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 56,105,092	\$ 3,003,336	\$ 6,825,000	\$ 52,283,428	\$ 7,315,000
Early retirement incentive	1,303,616	-	325,904	977,712	325,904
Compensated absences	159,084	-	4,485	154,599	-
Total OPEB liability	10,160,494	-	2,564,438	7,596,056	-
Net pension liability	34,693,355	-	16,895,897	17,797,458	-
<b>Total</b>	<b>\$ 102,421,641</b>	<b>\$ 3,003,336</b>	<b>\$ 26,615,724</b>	<b>\$ 78,809,253</b>	<b>\$ 7,640,904</b>
<b>Business-Type Activities</b>					
Net pension liability	\$ 800,467	\$ -	\$ 333,245	\$ 467,222	\$ -
<b>Total</b>	<b>\$ 800,467</b>	<b>\$ -</b>	<b>\$ 333,245</b>	<b>\$ 467,222</b>	<b>\$ -</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for early retirement incentive are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$154,599. This amount is included as part of long-term liabilities in the government-wide financial statements.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

**NOTE 8 – LONG-TERM LIABILITIES (continued)**

**B. General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2021	Additions	Deductions	Bonds Outstanding June 30, 2022
11/1/1997	9/1/2022	5.45 - 5.48%	\$ 5,693,402	\$ 7,974,125	\$ 330,661	\$ 4,100,000	\$ 4,204,786
5/21/1999	3/1/2024	4.78 - 5.55%	9,375,771	13,601,029	715,397	1,790,000	12,526,426
2/28/2002	3/1/2028	5.11 - 5.47%	10,346,069	27,459,478	1,547,650	475,000	28,532,128
4/22/2004	9/1/2028	5.25 - 5.70%	2,824,557	7,070,460	409,628	460,000	7,020,088
				<u>\$ 56,105,092</u>	<u>\$ 3,003,336</u>	<u>\$ 6,825,000</u>	<u>\$ 52,283,428</u>

The District's outstanding bonds mature through 2029 as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 2,037,719	\$ 5,277,281	\$ 7,315,000
2024	3,414,941	9,335,059	12,750,000
2025	1,455,097	3,299,903	4,755,000
2026	2,605,075	6,394,925	9,000,000
2027	2,634,195	7,005,805	9,640,000
2028 - 2029	5,096,889	15,043,111	20,140,000
Accretion	35,039,512	(35,039,512)	-
<b>Total</b>	<u>\$ 52,283,428</u>	<u>\$ 11,316,572</u>	<u>\$ 63,600,000</u>

**C. Early Retirement Incentive**

The District has offered a supplemental employee retirement plan as an incentive to certain eligible employees. Estimated future principal payments remaining on the plan at June 30, 2022 are as follows:

Year Ended June 30,	Payment
2023	\$ 325,904
2024	325,904
2025	325,904
<b>Total</b>	<u>\$ 977,712</u>

**D. Other Postemployment Benefits**

The District's beginning total OPEB liability was \$10,160,494 and decreased by \$2,564,438 during the year ended June 30, 2022. The ending total OPEB liability at June 30, 2022 was \$7,596,056. See Note 10 for additional information regarding the total OPEB liability.

**E. Net Pension Liability**

The District's beginning net pension liability was \$35,493,822 and decreased by \$17,229,142 during the year ended June 30, 2022. The ending net pension liability at June 30, 2022 was \$18,264,680. See Note 11 for additional information regarding the net pension liability.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2022:

	General Fund	Deferred Maintenance Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 635	\$ -	\$ -	\$ -	\$ -	\$ 635
Prepaid expenditures	342,681	-	-	-	-	342,681
Total non-spendable	343,316	-	-	-	-	343,316
Restricted						
Educational programs	463,636	-	-	-	-	463,636
Food service	-	-	-	-	134,195	134,195
Associated student body	-	-	-	-	9,885	9,885
Capital projects	-	-	3,549,009	-	1,903,664	5,452,673
Debt service	-	-	-	7,635,221	-	7,635,221
Total restricted	463,636	-	3,549,009	7,635,221	2,047,744	13,695,610
Committed						
Deferred maintenance	-	3,460,493	-	-	-	3,460,493
Total committed	-	3,460,493	-	-	-	3,460,493
Assigned						
Instructional materials	1,000,000	-	-	-	-	1,000,000
Learning loss programs	1,000,000	-	-	-	-	1,000,000
Supplemental early retirement program	977,712	-	-	-	-	977,712
Maintenance	500,000	-	-	-	-	500,000
Other postemployment benefits	478,506	-	-	-	-	478,506
Technology replacement plan	250,000	-	-	-	-	250,000
Total assigned	4,206,218	-	-	-	-	4,206,218
Unassigned	8,982,731	-	-	-	-	8,982,731
<b>Total Fund Balance</b>	<b>\$ 13,995,901</b>	<b>\$ 3,460,493</b>	<b>\$ 3,549,009</b>	<b>\$ 7,635,221</b>	<b>\$ 2,047,744</b>	<b>\$ 30,688,368</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical, dental and vision insurance benefits to eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**B. Benefits Provided**

The required contribution is based on projected pay-as-you-go financing requirements. Plan members age 55 with 10 years of service receive premiums equivalent to the Kaiser single rate, and plan members age 55 with 15 years of service receive premiums equivalent to the PPO single rate. Plan members age 55 with 20 years of service receive the full premium rate for the retiree and dependents. All benefits are paid for 5 years or until age 65 if sooner. Effective July 1, 2015, retired certificated and certificated management employees pay 10% of the premiums.



**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**C. Contributions**

For fiscal year 2021-22, the District contributed \$344,997 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

	<b><u>Number of participants</u></b>
Inactive employees receiving benefits	16
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>152</u>
<b>Total number of participants**</b>	<b><u>168</u></b>

\*Information not provided

\*\*As of the July 1, 2021 valuation date

**E. Total OPEB Liability**

The Saratoga Union School District's total OPEB liability of \$7,596,056 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2021.

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of July 1, 2021 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

**Economic assumptions:**

Inflation	2.75%
Salary increases	3.00%
Discount rate	1.92%
Initial trend rate	6.00%

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**F. Actuarial Assumptions and Other Inputs (continued)**

**Non-economic assumptions:**

*Mortality:*

Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experiences Study (1997-2015)

*Retirement rates:*

Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experiences Study (1997-2015)

*Actuarial Assumptions:*

Certificated	CalSTRS Experience Analysis (2015-2018)
Classified	CalPERS Experiences Study (1997-2015)

The discount rate was based on the Fidelity GO AA 20 Years Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**G. Changes in Total OPEB Liability**

	<b>June 30, 2022</b>
<b>Total OPEB Liability</b>	
Service cost	\$ 487,408
Interest on total OPEB liability	231,489
Difference between expected and actual experience	(3,292,083)
Changes of assumptions	357,246
Benefits payments	(348,498)
Net change in total OPEB liability	(2,564,438)
Total OPEB liability - beginning	10,160,494
Total OPEB liability - ending	<u>\$ 7,596,056</u>
 Covered-employee payroll	 \$ 13,177,283
 District's total OPEB liability as a percentage of covered-employee payroll	  57.65%

**H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Saratoga Union School 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 (0.92 percent) or one percentage point higher (2.92 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Valuation</b>	<b>1% Increase</b>
	<b>(0.92%)</b>	<b>Discount Rate</b>	<b>(2.92%)</b>
	<u></u>	<u></u>	<u></u>
Total OPEB liability	\$ 8,059,241	\$ 7,596,056	\$ 7,140,910

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the total OPEB liability of the Saratoga Union School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.00 percent) or one percentage point higher (7.00 percent) than the current healthcare cost trend rate:

	<b>Valuation Trend</b>		
	<b>1% Decrease</b>	<b>Rate</b>	<b>1% Increase</b>
	<b>(5.00%)</b>	<b>(6.00%)</b>	<b>(7.00%)</b>
Total OPEB liability	\$ 6,824,810	\$ 7,596,056	\$ 8,485,697

**J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the Saratoga Union School District recognized OPEB expense of \$464,687. At June 30, 2022, the Saratoga Union School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 37,654	\$ 2,972,463
Changes in assumptions	1,169,155	532,912
District contributions subsequent to the measurement date	344,997	-
<b>Total</b>	<b>\$ 1,551,806</b>	<b>\$ 3,505,375</b>

The \$344,997 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2023	\$ 142,694	\$ 396,904
2024	142,694	396,904
2025	142,694	396,904
2026	142,694	396,904
2027	142,694	396,904
Thereafter	493,339	1,520,855
<b>Total</b>	<b>\$ 1,206,809</b>	<b>\$ 3,505,375</b>

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 11,170,408	\$ 4,085,659	\$ 11,529,135	\$ 105,696
PERS Pension	7,094,272	1,607,880	2,970,920	833,095
<b>Total</b>	<b>\$ 18,264,680</b>	<b>\$ 5,693,539</b>	<b>\$ 14,500,055</b>	<b>\$ 938,791</b>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. 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 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, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. 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.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2022, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,398,614 for the year ended June 30, 2022.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,578,615 to CalSTRS.

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

At June 30, 2022, 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	\$ 11,170,408
State's proportionate share of the net pension liability associated with the District	5,620,634
<b>Total</b>	<b>\$ 16,791,042</b>

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 applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.025 percent, which did not change from its proportion measured as of June 30, 2020.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2022, the District recognized pension expense of \$105,696. In addition, the District recognized pension expense and revenue of \$(979,671) for support provided by the State. At June 30, 2022, 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>
Differences between projected and actual earnings on plan investments	\$ -	\$ 8,836,081
Differences between expected and actual experience	27,983	1,188,764
Changes in assumptions	1,582,728	-
Changes in proportion and differences between District contributions and proportionate share of contributions	76,334	1,504,290
District contributions subsequent to the measurement date	2,398,614	-
<b>Total</b>	<u>\$ 4,085,659</u>	<u>\$ 11,529,135</u>

The \$2,398,614 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 775,907	\$ 2,950,757
2024	776,644	2,605,170
2025	61,127	2,543,622
2026	61,126	2,855,015
2027	12,241	353,530
2028	-	221,041
<b>Total</b>	<u>\$ 1,687,045</u>	<u>\$ 11,529,135</u>

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

\* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015–June 30, 2018

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 general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<hr/> 100% <hr/>	

\*20-year geometric average

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10 percent. 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 increases 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 Plan'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.

**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:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 22,738,953	\$ 11,170,408	\$ 1,568,737

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.



**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Benefits Provided**

The benefits for the defined benefit plan 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 of credited service.

**Contributions**

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the District were \$1,183,685 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$7,094,272 for 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 applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.035 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2020.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2022, the District recognized pension expense of \$833,095. At June 30, 2022, the District reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 2,722,571
Differences between expected and actual experience	211,782	16,724
Changes in proportion and differences between District contributions and proportionate share of contributions	212,413	231,625
District contributions subsequent to the measurement date	1,183,685	-
<b>Total</b>	<u>\$ 1,607,880</u>	<u>\$ 2,970,920</u>

The \$1,183,685 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 269,325	\$ 768,264
2024	151,020	713,359
2025	3,850	732,097
2026	-	757,200
<b>Total</b>	<u>\$ 424,195</u>	<u>\$ 2,970,920</u>

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

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. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

\*An expected inflation of 2.00% used for this period.

\*\*An expected inflation of 2.92% used for this period.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 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 Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

**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 7.15 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 11,961,939	\$ 7,094,272	\$ 3,053,064

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with the Santa Clara County Schools' Insurance Group for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**B. Workers' Compensation**

For fiscal year 2022, the District participated in the Santa Clara County Schools' Insurance Group, an insurance purchasing pool. The intent of the Santa Clara Schools' Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Santa Clara County Schools' Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Santa Clara Schools' Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Santa Clara County Schools' Insurance Group. Participation in the Santa Clara Schools' Insurance Group is limited to districts that can meet the Santa Clara Schools' Insurance Group's selection criteria.

Coverage provided by the Santa Clara County Schools' Insurance Group for property and liability and workers' compensation is as follows:

	<b>Type of Coverage</b>	<b>Limits</b>
Santa Clara County Schools' Insurance Group	Workers' Compensation	State Statutory Limits
Santa Clara County Schools' Insurance Group	Property	\$ 500,000,000
Santa Clara County Schools' Insurance Group	Liability	\$ 5,000,000

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

**C. Construction Commitments**

As of June 30, 2022, the District had no commitments with respect to unfinished capital projects.

**SARATOGA UNION SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District is a member of the Santa Clara County Schools' Insurance Group (SCCSIG) public entity risk pools, and the West Valley Transportation Agency joint powers authority (JPA). The District pays an annual premium to the applicable entity for its dental, vision, workers' compensation and property liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between these entities and the District are included in these statements. The audited financial statements are generally available from the respective entities.

**NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2022, total deferred outflows related to pensions was \$5,693,539 and total deferred inflows related to pensions was \$14,500,055.

**B. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2022, total deferred outflows related to other postemployment benefits was \$1,551,806 and total deferred inflows related to other postemployment benefits was \$3,505,375.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**SARATOGA UNION SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 32,229,877	\$ 29,811,188	\$ 29,928,990	\$ 117,802
Federal sources	425,003	1,210,720	967,146	(243,574)
Other state sources	2,737,959	2,243,670	3,014,827	771,157
Other local sources	1,114,316	1,452,186	1,619,557	167,371
Total Revenues	36,507,155	34,717,764	35,530,520	812,756
EXPENDITURES				
Certificated salaries	14,411,384	14,363,468	14,278,315	85,153
Classified salaries	5,341,810	5,646,328	5,520,274	126,054
Employee benefits	10,487,497	10,085,673	10,005,750	79,923
Books and supplies	1,299,511	1,818,464	1,328,138	490,326
Services and other operating expenditures	3,668,196	4,254,878	3,623,931	630,947
Capital outlay	15,000	46,645	37,632	9,013
Other outgo				
Excluding transfers of indirect costs	325,904	325,904	325,904	-
Total Expenditures	35,549,302	36,541,360	35,119,944	1,421,416
Excess (Deficiency) of Revenues				
Over Expenditures	957,853	(1,823,596)	410,576	2,234,172
Other Financing Sources (Uses)				
Transfers out	(350,000)	(1,450,943)	(1,450,943)	-
Net Financing Sources (Uses)	(350,000)	(1,450,943)	(1,450,943)	-
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	607,853	(3,274,539)	(1,040,367)	2,234,172
Fund Balance - Ending	9,870,307	9,870,307	9,870,307	-
	\$ 10,478,160	\$ 6,595,768	\$ 8,829,940	\$ 2,234,172

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.



**SARATOGA UNION SCHOOL DISTRICT  
DEFERRED MAINTENANCE FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 400,000	\$ 3,900,000	\$ 3,900,000	\$ -
Other local sources	7,500	7,500	15,040	7,540
<b>Total Revenues</b>	<b>407,500</b>	<b>3,907,500</b>	<b>3,915,040</b>	<b>7,540</b>
<b>EXPENDITURES</b>				
Books and supplies	-	957,395	449,809	507,586
Services and other operating expenditures	149,495	2,234,033	907,386	1,326,647
<b>Total Expenditures</b>	<b>149,495</b>	<b>3,191,428</b>	<b>1,357,195</b>	<b>1,834,233</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>258,005</b>	<b>716,072</b>	<b>2,557,845</b>	<b>1,841,773</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>258,005</b>	<b>716,072</b>	<b>2,557,845</b>	<b>1,841,773</b>
<b>Fund Balance - Beginning</b>	<b>902,648</b>	<b>902,648</b>	<b>902,648</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,160,653</b>	<b>\$ 1,618,720</b>	<b>\$ 3,460,493</b>	<b>\$ 1,841,773</b>

See accompanying notes to required supplementary information.

**SARATOGA UNION SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 487,408	\$ 464,348	\$ 419,650	\$ 427,911	\$ 469,956
Interest on total OPEB liability	231,489	296,197	313,452	280,876	222,995
Difference between expected and actual experience	(3,292,083)	-	51,955	-	-
Changes of assumptions	357,246	1,053,079	(149,045)	(202,751)	(522,403)
Benefits payments	<u>(348,498)</u>	<u>(231,792)</u>	<u>(313,790)</u>	<u>(190,587)</u>	<u>(107,851)</u>
Net change in total OPEB liability	(2,564,438)	1,581,832	322,222	315,449	62,697
Total OPEB liability - beginning	<u>10,160,494</u>	<u>8,578,662</u>	<u>8,256,440</u>	<u>7,940,991</u>	<u>7,878,294</u>
Total OPEB liability - ending	<u>\$ 7,596,056</u>	<u>\$ 10,160,494</u>	<u>\$ 8,578,662</u>	<u>\$ 8,256,440</u>	<u>\$ 7,940,991</u>
 Covered-employee payroll	 \$ 13,177,283	 \$ 13,921,049	 \$ 18,718,745	 \$ 18,263,374	 \$ 17,872,452
 District's total OPEB liability as a percentage of covered-employee payroll	 57.65%	 72.99%	 45.83%	 45.21%	 44.43%

See accompanying notes to required supplementary information.

**SARATOGA UNION SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.025%	0.025%	0.026%	0.026%	0.026%	0.027%	0.028%	0.027%
District's proportionate share of the net pension liability	\$ 11,170,408	\$ 24,446,270	\$ 23,502,837	\$ 23,549,838	\$ 23,856,592	\$ 21,703,380	\$ 18,790,273	\$ 15,523,673
State's proportionate share of the net pension liability associated with the District	5,620,634	12,601,953	12,822,471	13,483,449	14,113,473	12,357,166	9,937,957	9,373,864
<b>Total</b>	<u>\$ 16,791,042</u>	<u>\$ 37,048,223</u>	<u>\$ 36,325,308</u>	<u>\$ 37,033,287</u>	<u>\$ 37,970,065</u>	<u>\$ 34,060,546</u>	<u>\$ 28,728,230</u>	<u>\$ 24,897,537</u>
District's covered payroll	\$ 13,717,121	\$ 13,774,181	\$ 14,151,362	\$ 13,761,399	\$ 13,722,772	\$ 13,483,941	\$ 13,166,141	\$ 11,182,036
District's proportionate share of the net pension liability as a percentage of its covered payroll	81.4%	177.5%	166.1%	171.1%	173.8%	161.0%	142.7%	138.8%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**SARATOGA UNION SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.035%	0.036%	0.034%	0.035%	0.034%	0.034%	0.035%	0.037%
District's proportionate share of the net pension liability	\$ 7,094,272	\$ 11,047,552	\$ 9,935,526	\$ 9,278,517	\$ 8,016,449	\$ 6,678,862	\$ 5,156,822	\$ 4,178,037
District's covered payroll	\$ 5,022,863	\$ 5,190,134	\$ 4,805,548	\$ 4,625,856	\$ 4,253,420	\$ 4,057,026	\$ 4,053,366	\$ 3,863,398
District's proportionate share of the net pension liability as a percentage of its covered payroll	141.2%	212.9%	206.8%	200.6%	188.5%	164.6%	127.2%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**SARATOGA UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,398,614	\$ 2,208,262	\$ 2,353,033	\$ 2,291,157	\$ 1,977,723	\$ 1,718,586	\$ 1,443,065	\$ 1,166,860
Contributions in relation to the contractually required contribution*	(2,398,614)	(2,208,262)	(2,353,033)	(2,291,157)	(1,977,723)	(1,718,586)	(1,443,065)	(1,166,860)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 14,276,161	\$ 13,717,121	\$ 13,774,181	\$ 14,151,362	\$ 13,761,399	\$ 13,722,772	\$ 13,483,941	\$ 13,166,141
Contributions as a percentage of covered payroll	16.80%	16.10%	17.08%	16.19%	14.37%	12.52%	10.70%	8.86%

\*Amounts do not include on-behalf contributions

**SARATOGA UNION SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,183,685	\$ 969,810	\$ 962,770	\$ 853,004	\$ 721,367	\$ 595,884	\$ 480,693	\$ 477,472
Contributions in relation to the contractually required contribution*	(1,183,685)	(969,810)	(962,770)	(853,004)	(721,367)	(595,884)	(480,693)	(477,472)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,639,228	\$ 5,022,863	\$ 5,190,134	\$ 4,805,548	\$ 4,625,856	\$ 4,253,420	\$ 4,057,026	\$ 4,053,366
Contributions as a percentage of covered payroll	20.99%	19.31%	18.55%	17.75%	15.59%	14.01%	11.85%	11.78%

\*Amounts do not include on-behalf contributions

**SARATOGA UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Changes in Total OPEB Liability and Related Ratios**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for OPEB.

**Changes in Assumptions**

The discount rate has changed since the prior measurement date from 2.21% to 1.92%.

**Schedule of the District's Proportionate Share of the Net Pension Liability**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2022, the District incurred no excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

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## **SUPPLEMENTARY INFORMATION**

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**SARATOGA UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 43,691
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	45,367
Title III, English Learner Student Program	84.365	14346	11,885
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	10,000
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	313,093
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	19,697
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	2,996
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	24
Subtotal Special Education Cluster			<u>335,810</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	3
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	266,525
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	67,899
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	142,277
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	10,865
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	5,401
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	27,423
Subtotal Education Stabilization Fund Discretionary Grants			<u>520,393</u>
<b>Total U. S. Department of Education</b>			<u>967,146</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	335,619
National School Lunch Program	10.555	13391	553,044
USDA Commodities	10.555	*	49,202
Subtotal Child Nutrition Cluster			<u>937,865</u>
Pandemic EBT Local Administrative Grant	10.649	15644	614
<b>Total U. S. Department of Agriculture</b>			<u>938,479</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,905,625</u>

\* - Pass-Through Entity Identifying Number not available or not applicable

**SARATOGA UNION SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Second Period Report</b>	<b>Annual Report</b>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	558.55	559.89
Extended Year Special Education	0.83	0.83
Total TK/K through Third	<u>559.38</u>	<u>560.72</u>
Fourth through Sixth		
Regular ADA	534.93	534.24
Extended Year Special Education	0.51	0.51
Special Education - Nonpublic Schools	0.80	0.80
Total Fourth through Sixth	<u>536.24</u>	<u>535.55</u>
Seventh through Eighth		
Regular ADA	472.70	471.68
Extended Year Special Education	0.61	0.61
Total Seventh through Eighth	<u>473.31</u>	<u>472.29</u>
TOTAL SCHOOL DISTRICT	<u>1,568.93</u>	<u>1,568.56</u>

**SARATOGA UNION SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2021-22 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	48,525	180	Complied
Grade 1	50,400	51,244	180	Complied
Grade 2	50,400	51,244	180	Complied
Grade 3	50,400	56,004	180	Complied
Grade 4	54,000	56,004	180	Complied
Grade 5	54,000	56,004	180	Complied
Grade 6	54,000	60,241	180	Complied
Grade 7	54,000	60,241	180	Complied
Grade 8	54,000	60,241	180	Complied

**SARATOGA UNION SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

	2023 (Budget)	2022	2021	2020
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 37,851,352	\$ 35,530,520	\$ 37,956,481	\$ 35,099,428
Expenditures And Other Financing Uses	38,154,839	36,570,887	33,077,610	33,264,641
Net change in Fund Balance	\$ (303,487)	\$ (1,040,367)	\$ 4,878,871	\$ 1,834,787
Ending Fund Balance	\$ 8,526,453	\$ 8,829,940	\$ 10,304,133	\$ 5,425,262
Available Reserves*	\$ 11,072,870	\$ 8,982,731	\$ 5,195,156	\$ 1,876,195
Available Reserves As A Percentage Of Outgo	29.02%	24.56%	15.71%	5.64%
Long-term Liabilities	\$ 71,168,349	\$ 78,809,253	\$ 102,421,641	\$ 101,450,517
Average Daily Attendance At P-2***	1,496	1,569	1,674	1,674

The General Fund balance has increased by \$3,404,678 over the past two years. The fiscal year 2022-23 budget projects a decrease of \$303,487. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2022-23 fiscal year. Total long-term liabilities have decreased by \$22,641,264 over the past two years.

Average daily attendance has decreased by 105 ADA over the past two years. A further decrease in ADA of 73 is anticipated during the 2022-23 fiscal year.

\*Available reserves consist of all unassigned fund balance within the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects.

\*\* Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects and Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54. Also, audit adjustments are not reflected in this schedule.

\*\*\*Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**SARATOGA UNION SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>General Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>	<b>Special Reserve Fund for Postemployment Benefits</b>	<b>Child Care Fund</b>
June 30, 2022, annual financial and budget report fund balance	\$ 8,829,940	\$ 4,687,455	\$ 478,506	\$ 279,426
Adjustments and reclassifications:				
Increase (decrease) in total fund balances:				
Allocation of pensions (GASB 68)	-	-	-	(598,186)
Fund balance transfer (GASB 54)	5,165,961	(4,687,455)	(478,506)	-
Net adjustments and reclassifications	5,165,961	(4,687,455)	(478,506)	(598,186)
June 30, 2022, audited financial statement fund balance	<u>\$ 13,995,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (318,760)</u>

See accompanying notes to supplementary information.

**SARATOGA UNION SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2022**

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	Student Activity Fund	Cafeteria Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 9,885	\$ 19,750	\$ 1,910,616	\$ 123	\$ 1,940,374
Accounts receivable	-	129,476	5,043	-	134,519
<b>Total Assets</b>	<b>\$ 9,885</b>	<b>\$ 149,226</b>	<b>\$ 1,915,659</b>	<b>\$ 123</b>	<b>\$ 2,074,893</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ -	\$ 15,031	\$ 12,118	\$ -	\$ 27,149
<b>Total Liabilities</b>	<b>-</b>	<b>15,031</b>	<b>12,118</b>	<b>-</b>	<b>27,149</b>
<b>FUND BALANCES</b>					
Restricted	9,885	134,195	1,903,541	123	2,047,744
<b>Total Fund Balances</b>	<b>9,885</b>	<b>134,195</b>	<b>1,903,541</b>	<b>123</b>	<b>2,047,744</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,885</b>	<b>\$ 149,226</b>	<b>\$ 1,915,659</b>	<b>\$ 123</b>	<b>\$ 2,074,893</b>

See accompanying notes to supplementary information.

**SARATOGA UNION SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Student Activity Fund	Cafeteria Fund	Building Fund	County School Facilities Fund	Non-Major Governmental Funds
<b>REVENUES</b>					
Federal sources	\$ -	\$ 938,479	\$ -	\$ -	\$ 938,479
Other state sources	-	63,573	-	-	63,573
Other local sources	4,599	635	16,338	1	21,573
<b>Total Revenues</b>	4,599	1,002,687	16,338	1	1,023,625
<b>EXPENDITURES</b>					
Current					
Pupil services					
Food services	-	992,208	-	-	992,208
Facilities acquisition and construction	-	-	166,087	-	166,087
Ancillary services	4,562	-	-	-	4,562
<b>Total Expenditures</b>	4,562	992,208	166,087	-	1,162,857
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	37	10,479	(149,749)	1	(139,232)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	50,000	-	-	50,000
<b>Net Financing Sources (Uses)</b>	-	50,000	-	-	50,000
<b>NET CHANGE IN FUND BALANCE</b>	37	60,479	(149,749)	1	(89,232)
<b>Fund Balance - Beginning</b>	9,848	73,716	2,053,290	122	2,136,976
<b>Fund Balance - Ending</b>	\$ 9,885	\$ 134,195	\$ 1,903,541	\$ 123	\$ 2,047,744

See accompanying notes to supplementary information.

**SARATOGA UNION SCHOOL DISTRICT  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2022**

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The Saratoga Union School District was established in 1896 and consists of an area comprising approximately 8 square miles. The District operates three elementary schools and one middle school. There were no boundary changes during the year.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Cynthia Miller	President	2022
Melissa Stanis	Clerk	2024
Scott Adler	Member	2024
Eric Cao	Member	2022
Phyllis Tung	Member	2022

**DISTRICT ADMINISTRATORS**

Dr. Kenneth Geisick  
*Superintendent*

Moiria Barker  
*Assistant Superintendent, Educational Services*

Jean Aldrete  
*Chief Business Official*



**SARATOGA UNION SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

**Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) 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**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

**Schedule of Financial Trends and Analysis**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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**Independent Auditors' Report

Governing Board  
Saratoga Union School District  
Saratoga, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Saratoga Union School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Saratoga Union School District's basic financial statements, and have issued our report thereon dated October 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Saratoga Union 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 Saratoga Union School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Saratoga Union 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Saratoga Union 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.

*Christy White, Inc.*

San Diego, California  
October 28, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board  
Saratoga Union School District  
Saratoga, California

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited Saratoga Union 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 Saratoga Union School District's major federal programs for the year ended June 30, 2022. Saratoga Union 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, Saratoga Union School District complied, in all material respects, with the types of 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, 2022.

***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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 Saratoga Union 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 audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of Saratoga Union 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Saratoga Union School District's federal programs.

## ***Auditor's Responsibilities for the Audit for 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 Saratoga Union 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Saratoga Union School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Saratoga Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Saratoga Union 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 Saratoga Union 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 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.

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.

**Report on Internal Control Over Compliance (continued)**

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.

*Christy White, Inc.*

San Diego, California  
October 28, 2022

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
Saratoga Union School District  
Saratoga, California

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

We have audited Saratoga Union School District's compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Saratoga Union School District's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, Saratoga Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

***Basis for Opinion on State Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

We are required to be independent of Saratoga Union 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 audit opinion on state compliance. Our audit does not provide a legal determination of Saratoga Union 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 the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Saratoga Union School District's state programs.



### ***Auditor's Responsibilities for the Audit of State Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Saratoga Union 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 generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Saratoga Union School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgement 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 Saratoga Union School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Saratoga Union 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 K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of Saratoga Union School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Saratoga Union School District's compliance with the state laws and regulations related to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

**Auditor's Responsibilities for the Audit of State Compliance (continued)**

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In-Person Instruction Grant	Yes
<b>Charter Schools</b>	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because the amount of ADA reported at P-2 was not material.

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 or 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 state 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 state 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 State Compliance section 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. However, material weaknesses may exist that have not been identified.

***Report on Internal Control Over Compliance (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 K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

*Christy White, Inc.*

San Diego, California  
October 28, 2022

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**SARATOGA UNION SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	
10.553, 10.555	Child Nutrition Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>750,000</u>
Auditee qualified as low-risk auditee?		<u>No</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SARATOGA UNION SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

There were no financial statement findings for the year ended June 30, 2022.

**SARATOGA UNION SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2022.

**SARATOGA UNION SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Apprenticeship: Related and Supplemental Instruction  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2022.



**SARATOGA UNION SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINDING #2021-001 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as free or reduced-price meal eligible (FRPM) and who are not directly certified on the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report must have supporting documentation that indicates the student was eligible for the determination. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b).

**Condition:** Four (4) of four pupils tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as FRPM were verified as “Paid” or “Denied” based on 2020-21 income eligibility scales. This represented the entire population of students classified as FRPM.

**Effect:** The District is not in compliance with applicable State requirements.

**Cause:** Due to turnover in the position and clerical oversight.

**Questioned Costs:** \$2,179, as calculated on the next page.

**Repeat Finding:** No, this is not a repeat finding.

**Recommendation:** We recommend the District review the designations in CALPADS for accuracy and revise designations in CALPADS before the close of the Fall I Amendment Window.

**Corrective Action Plan:** The District has coordinated communication between Child Nutrition Services and the District Office personnel to provide supporting documents to ensure that the data has been correctly reported and validated. Amendments will be filed if necessary during the Fall 1 amendment window each year.

**SARATOGA UNION SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINDING #2021-001 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)  
(continued)**

**Questioned Costs (continued):**

UPP Audit Adjustment		
Item Number	Calculating the Cost of LCFF Unduplicated Pupil Count Audit Finding	Data Input and Calculated Fields
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	5,131
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	436
3	Audit Adjustment - Number of Enrollment	-
4	Audit Adjustment - Number of Unduplicated Pupil Count	(4)
5	Revised Adjusted Enrollment	5,131
6	Revised Adjusted Unduplicated Pupil Count	432
7	UPP calculated as of P-2	0.0850
8	Revised UPP for audit finding	0.0842
9	<b>Charter Schools Only:</b> Determinative School District Concentration Cap	
10	Revised UPP adjusted for Concentration Cap	<b>0.0842</b>
11	Supplemental and Concentration Grant TK/K–3 ADA	585.89
12	Supplemental and Concentration Grant 4–6 ADA	593.15
13	Supplemental and Concentration Grant 7–8 ADA	496.97
14	Supplemental and Concentration Grant 9–12 ADA	0.00
15	Adjusted Base Grant per TK/K–3 ADA	\$8,503
16	Adjusted Base Grant per 4–6 ADA	\$7,818
17	Adjusted Base Grant per 7–8 ADA	\$8,050
18	Adjusted Base Grant per 9–12 ADA	\$9,572
19	Supplemental Grant Funding calculated as of P-2	\$231,534
20	Revised Supplemental Grant Funding for audit finding	\$229,355
21	Supplemental Grant Funding audit adjustment	<b>(\$2,179)</b>
22	Concentration Grant Funding calculated as of P-2	\$0
23	Revised Concentration Grant Funding for audit finding	\$0
24	Concentration Grant Funding audit adjustment	<b>\$0</b>
25	Total Supplemental and Concentration audit adjustment	<b>(\$2,179)</b>

**Current Status:** Implemented.