

INTRODUCTION

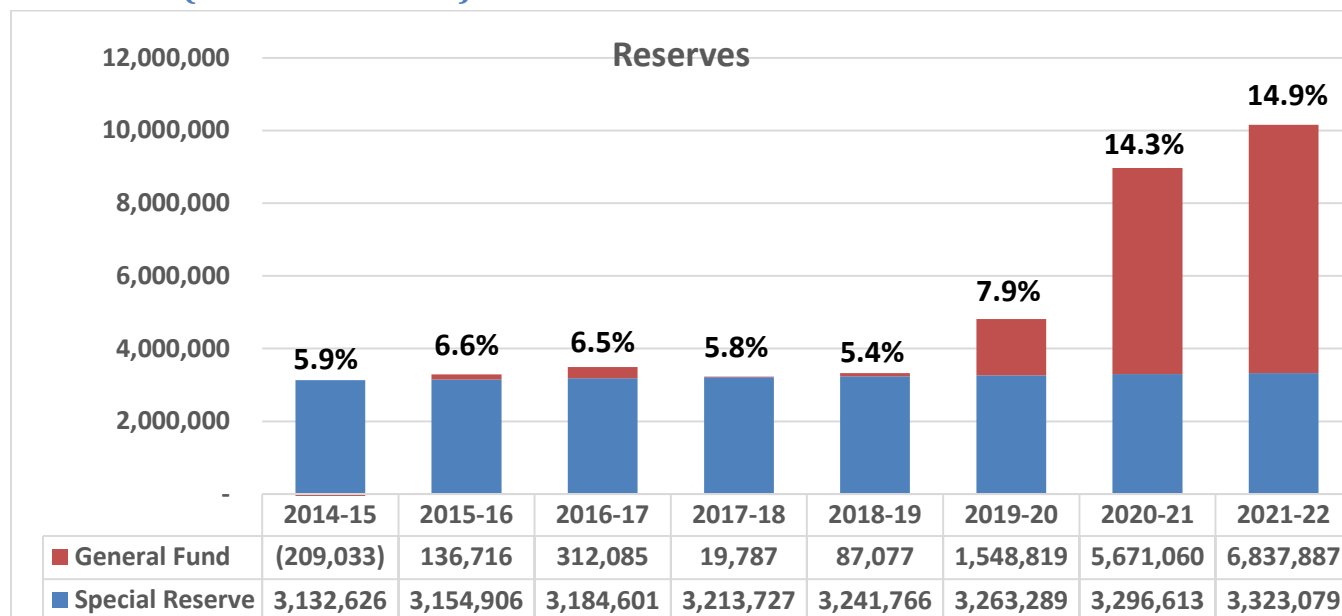
Los Gatos-Saratoga Union High School District's (LGSUHSD) 2021-22 budget was adopted by the Board of Education on June 22, 2021.

The budget was amended at the two required interim reporting periods, as additional information became available. This report compares actual operating results for 2021-22 to the last time the 2021-22 budget was brought to the Board of Trustees for review, which was in June 2022 when the 2022-23 budget was presented and approved. At that time the 2021-22 budget was presented as estimated actuals.

At this time actual operating results are being presented to the Board for review and approval to submit our results to the County Office of Education and ultimately to the California Department of Education.

The Unaudited Actuals report also provides an opportunity for the district to revise its adopted 2022-23 budget, should significant changes in the state's enacted budget require changes at the district level. No changes to the 2022-23 budget are presented with this document, but rather will be included with the First Interim report, which will be presented to the board in December 2022. At that time other known changes will be incorporated, including known health and welfare rates, actual salaries, and updated estimates to property tax revenues.

RESERVES (Funds 01 and 17)



The district ended 2021-22 with a fund balance in the General Fund of \$6,876,485. Of this amount \$1,940,092 is restricted funding. A portion of the remainder is reserved for non-spendable portions of the reserves, such as cash in a local bank. The remaining, unrestricted balance, \$6,837,887, is counted towards available reserves. Districts with fewer than 30,000 students are required to maintain a reserve for economic uncertainties equal to at least 3% of general fund expenditures and transfers out. The district's strategic reserves consist of the unrestricted balance in the General Fund (Fund 01), along with the balance in the Special Reserve Fund (Fund 17). The district ended the 2021-22 year with reserve levels above the state-required minimum.

2021-22 UNAUDITED ACTUALS SUMMARY

Fund Type	General	Special Revenue Funds				Capital Funds			Debt Service	Fiduciary	Grand Total
Fund number	01	13	14	17	20	21	25	40	51	73	
Revenue	69,922,097	1,493,972	202,690	26,466	9,004	163,374	327,834	2,719,625	5,968,488	3,465	80,837,015
Expense	(68,009,204)	(1,484,496)	-	-	-	(6,979,020)	(368,087)	(663,304)	(5,763,265)	(4,000)	(83,271,376)
Grand Total	1,912,893	9,476	202,690	26,466	9,004	(6,815,646)	(40,253)	2,056,321	205,223	(535)	(2,434,361)
Beginning Balance	6,876,485	8,291	403,516	3,296,613	1,121,511	24,548,055	463,568	7,963,384	4,453,832	434,759	49,570,014
Ending Balance	8,789,378	17,767	606,206	3,323,079	1,130,515	17,732,409	423,315	10,019,705	4,659,055	434,224	47,135,653
Restricted	1,940,092	-	-	-	-	17,732,409	423,315	10,019,705	4,659,055	434,224	35,208,800
Non-Spendable / Committed / Assigned	11,400	17,767	606,206	-	1,130,515	-	-	-	-	-	1,765,888
Reserve for Economic Uncertainties	6,837,886	-	-	3,323,079	-	-	-	-	-	-	10,160,965
Unappropriated	-	-	-	-	-	-	-	-	-	-	-

This chart summarizes operating results for all funds of the district. "Revenue" includes all inflows, including transfers in. "Expense" includes all outflows, including transfers out.

Funds maintained by the district are as follows:

- 01: General
- 13: Cafeteria
- 14: Deferred Maintenance
- 17: Special Reserve
- 20/71: Post-Employment Benefits
- 21: Building (bonds)
- 25: Capital Facilities (developer fees)
- 40: Special Reserve for Capital Outlay
- 51: Debt Service (taxes set aside by the County of Santa Clara to retire bonds)
- 73: Foundation Trust

GENERAL FUND (01) OVERVIEW

Local Control Funding Formula (LCFF)

The Local Control Funding Formula (LCFF) calculates the base operating amount that the state provides to school districts. This amount of state support is reduced by local property taxes. At LGSUHSD, local taxes exceed the LCFF calculation. The LCFF calculation therefore yields no state funding except for the following amounts:

- The 2012-13 categorical entitlement (\$150,691). These funds receive no cost of living adjustment.
- \$200 per ADA for Education Protection Account (EPA) funding (\$685,152). These funds receive no cost of living adjustment.

State accounting standards, however, categorize all of these funding sources (the historical state categorical entitlement, EPA, and local property taxes) as LCFF revenue (Objects 8000 through 8099), and are designated as such on state forms.

Other Unrestricted Funding Sources

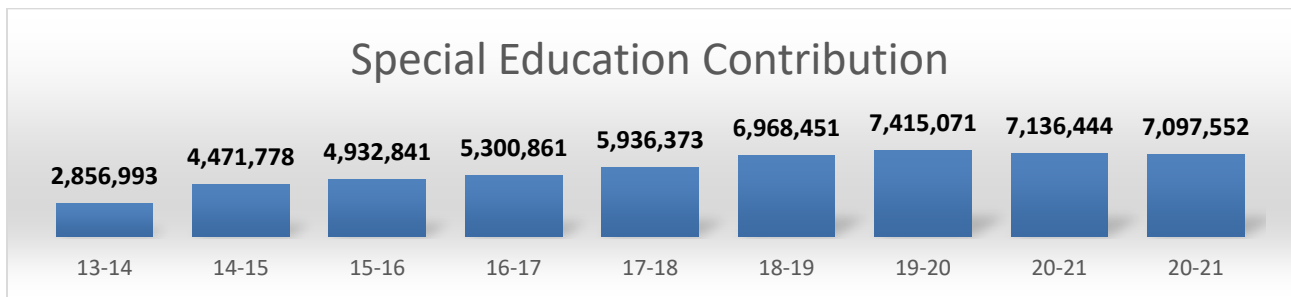
Other sources of funds in the Unrestricted General Fund include Lottery (the unrestricted portion), the mandated cost block grant, leases and rentals, and interest. The parcel tax (Measure A of 2016) is accounted for in the Unrestricted General Fund, although expenditures are limited to the specific purposes described in the ballot language.

Restricted General Fund Activities

The restricted general fund includes programs and activities that are restricted to specific purposes. These are:

- Routine Repair and Maintenance
- Special Education, both federal and state
- Federal funds for Perkins (CTE) and Title II
- Restricted Lottery Funds
- Other state awards
- Local grants, fundraisers and donations

Routine repair and maintenance and special education are the largest categories of expenditure in the Restricted General Fund. Special education costs exceed the amount of funding provided, requiring a contribution from the Unrestricted General Fund. Special Education cost increases generally exceed inflation every year. In 2021-22 the district was, once again, able to control cost increases while preserving services to students. The contribution changed only slightly \$7.1 million in 2020-21 to \$7.1 million in 2021-22. Savings are attributed to cost control efforts in the areas of Non-public schools, legal expenses, settlements, and transportation expenses due to distance learning. These savings were offset by charging indirect costs and shifting some expenses attributed to Special Education from the unrestricted general fund to meet the required Special Education Maintenance of Effort.



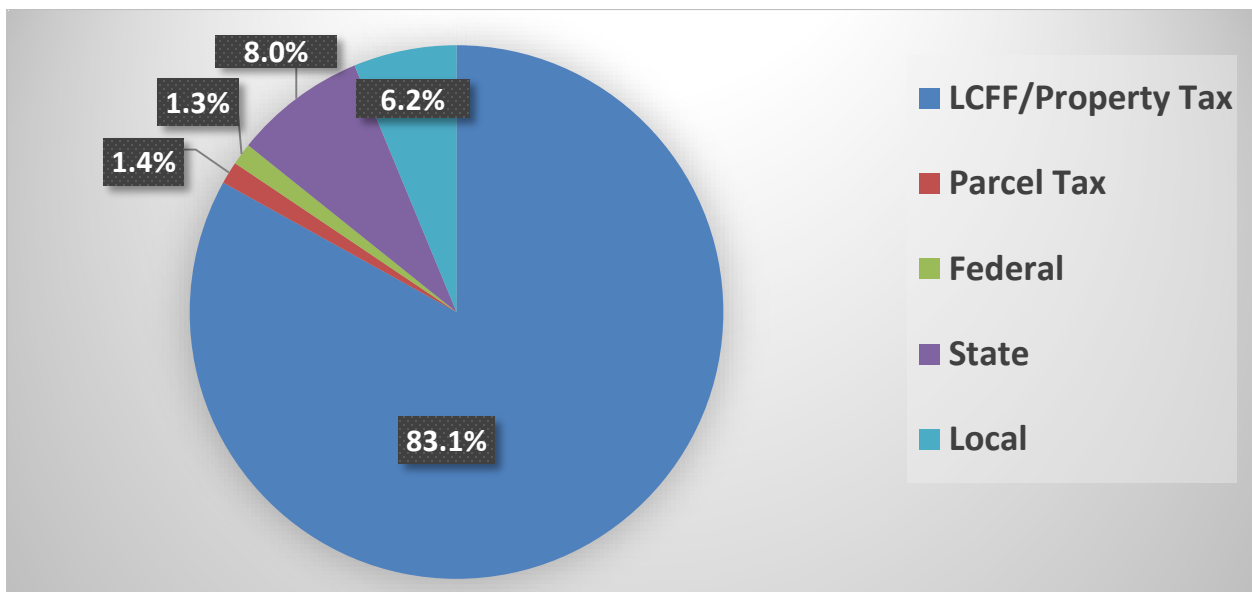
A contribution to the restricted maintenance account from the Unrestricted General Fund equal to 3% of the districts total General Fund budgeted expenditures is required by statute.

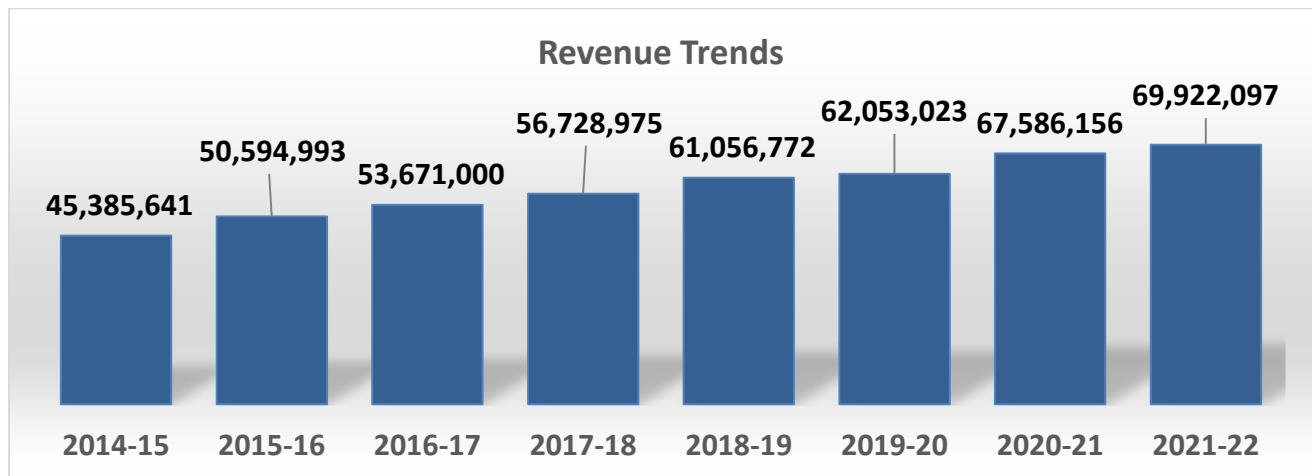
2021-22 Operating Results for the Total General Fund (Restricted and Unrestricted)

Revenue

	2021-22 (Estimated)	2021-22 (Final)	Final minus Estimated
LCFF/Property Tax/Redevelopment	57,808,971	58,077,011	268,040
Parcel Tax	948,000	949,476	1,476
Federal	973,417	928,101	(45,316)
State	5,761,227	5,603,359	(157,868)
Local	3,850,062	4,364,150	514,088
Other	0	0	0
TOTAL	69,341,677	69,922,097	580,420

The district's 2021-22 General Fund revenues were \$580,420 more than budgeted, primarily due to additional property taxes and revenue from donations. The revenue from donations is restricted and remaining funds will carry over to be spent in 2022-23. Property Taxes were also higher than anticipated by \$268,040, bringing the total property tax increase over 2020-21 to nearly 4%. State revenues also include payments made by the state directly to STRS. The STRS on-behalf payments are actual state revenue to the district. These entries are offset by added retirement expenditures.





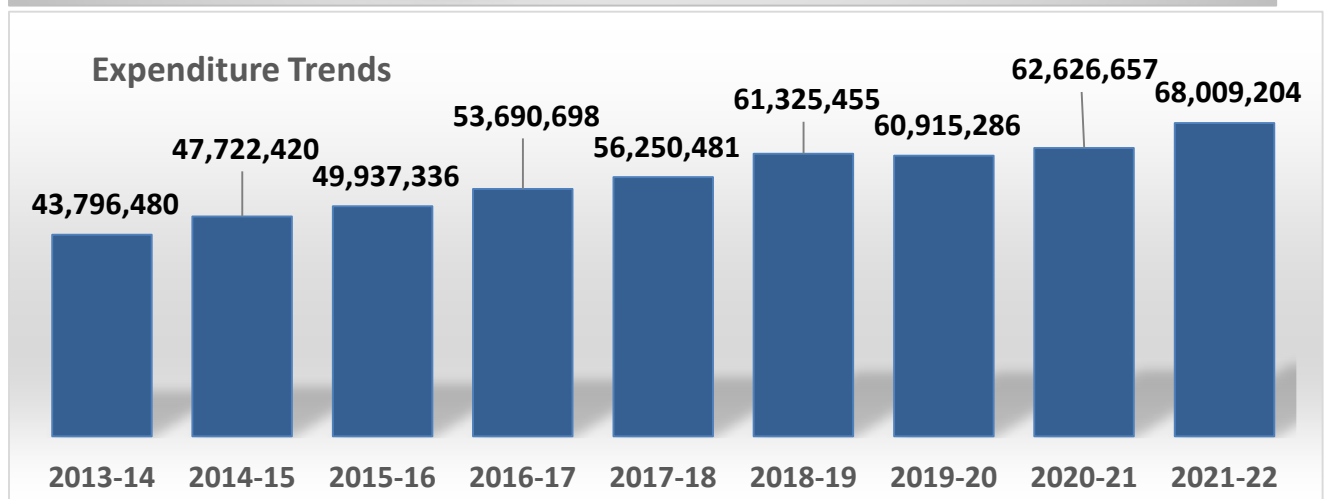
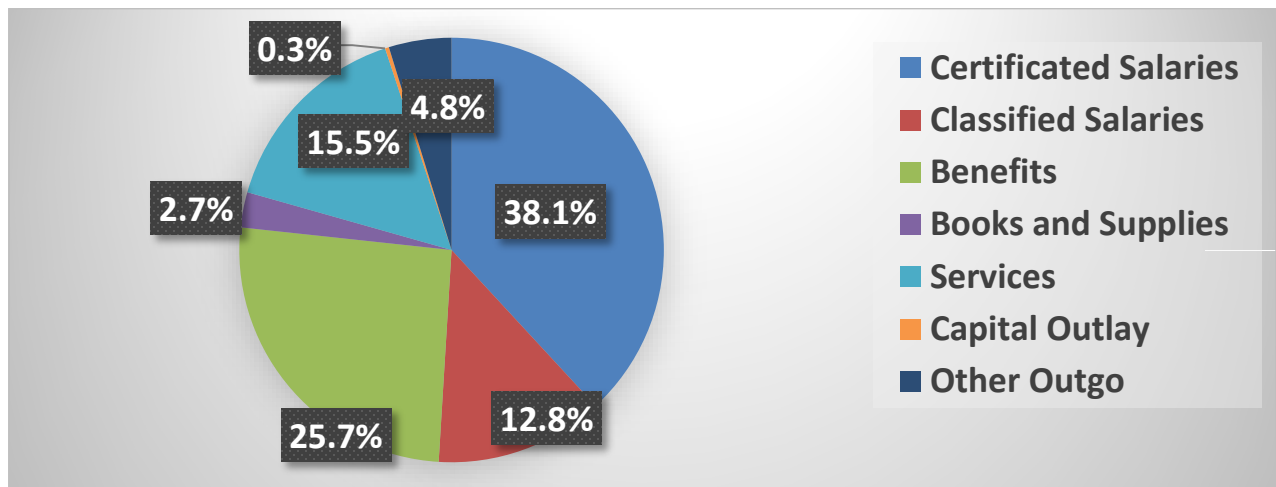
Commencing in 2016-17 the district must book contributions made by the state on behalf of school districts to the State Teachers Retirement System (STRS). This increases both revenue and expense by the same amount.

In 2018-19 only the district was required to book contributions made by the state on behalf of school districts to the Public Employees Retirement System (PERS). This increased both revenue and expense by the same amount for the 2018-19 year.

Expense

	2021-22 (Estimated)	2021-22 (Final)	Final minus Estimated
Certificated Salaries	25,516,275	25,929,798	413,523
Classified Salaries	8,633,968	8,734,049	100,081
Benefits	17,401,884	17,501,834	99,950
Books and Supplies	2,805,106	1,825,738	(979,368)
Services/Contracts	9,399,271	10,568,958	1,169,687
Capital Outlay	0	203,112	203,112
Other Outgo/Transfers	5,898,596	3,245,715	(2,652,881)
TOTAL	69,655,100	68,009,204	(1,645,896)

Expenses for certificated substitutes and stipends were higher than budgeted due to sub shortages and the need to use teachers to cover during prep periods. Classified salaries were higher than anticipated in restricted resources, primarily special education. Associated employee benefits also showed an increase due to increases in salaries. Savings in the books and supplies category are primarily in restricted funding sources. Those amounts will carry over to future years for spending within the restrictions associated with the funding. However, approximately \$100,000 was in the unrestricted general fund and offsets increases in other areas of the budget. Services and contracts were higher due to higher than anticipated legal costs, utilities, and contracted services. These increases were partially offset by savings in books and supplies and other outgo. Other outgo was estimated to include a transfer to the special reserve fund. That transfer was not made which reflected in a savings in this category. As transfer may be planned in 2022-23 to reflect reserves beyond 10%.



OTHER SPECIAL REVENUE FUNDS (13, 14, 20)

Along with Fund 17, described above, special revenue funds include the Cafeteria Fund, the Deferred Maintenance fund, and the Retiree Benefit fund.

The Deferred Maintenance Fund receives an annual allocation to cover major maintenance projects that are generally beyond the scope of routine maintenance activities. Any funds unspent in one year carry forward to fund projects in a subsequent year.

The Retiree Benefits Funds (20 and 71) hold balances that are earmarked for Retiree Benefits. Fund 71, the Retiree Benefit Trust Fund, is treated as a special revenue fund, because funds could be brought back into the General Fund if necessary. During 2018-19 the balance in fund 71 was transferred to Fund 20 to better reflect the fact that the district does not maintain an irrevocable trust for retiree benefits.

BUILDING FUND / DEBT SERVICE FUND (21, 51)

The Building Fund accounts for the proceeds of Measure E. Further information on the bond may be found at http://www.lgsuhsd.org/district_information/measure_e_general_obligation_bond_2014

Taxes collected by the Santa Clara County Assessor for bond repayment are recorded in a separate debt service fund (Fund 51).

CAPITAL FACILITIES FUND (25)

The Capital Facilities Fund records the receipt of developer fees, and the uses of those fees. Developer fees are levied and used to mitigate the effects of residential and commercial development within the district's boundaries that results in increased student enrollment. The district issued Certificates of Participation (COPS) in 2001 and 2008 to add projects that could not be funded under Measure A (1998). Twelve million in debt is being repaid by both developer fees and contributions of Redevelopment funding from the General Fund to the Special Reserve for Capital Outlay, Fund 40. The current principal balance of COPS is \$954,000.

SPECIAL RESERVE FOR CAPITAL OUTLAY (40)

In 2021-22 the district deposited \$2.4 million to this fund to repay COPS and to establish reserves for turf replacement and other capital improvements. In addition, proceeds from facilities use (civic center fees) and some redevelopment agency (RDA) revenues are deposited into fund 40. The rates established for facility use are based on amounts necessary to refurbish facilities in the future, requiring that they then be set aside for that purpose. However, COVID-19 had an impact on the income from facility use. The current fund balance of \$10.0 million reflects amounts reserved for future facility or capital outlay costs. This fund was used to purchase property on New York Avenue in August 2022.

FOUNDATION FUND (73)

The foundation fund records donations to the district where the donor's stipulation is that the principal amount may not be spent. Interest is spent in alignment with the donor's wishes, providing college scholarships for graduating students.