LOS GATOS-SARATOGA UNION HIGH SCHOOL DISTRICT
2022-2023 UNAUDITED ACTUALS REPORT

INTRODUCTION

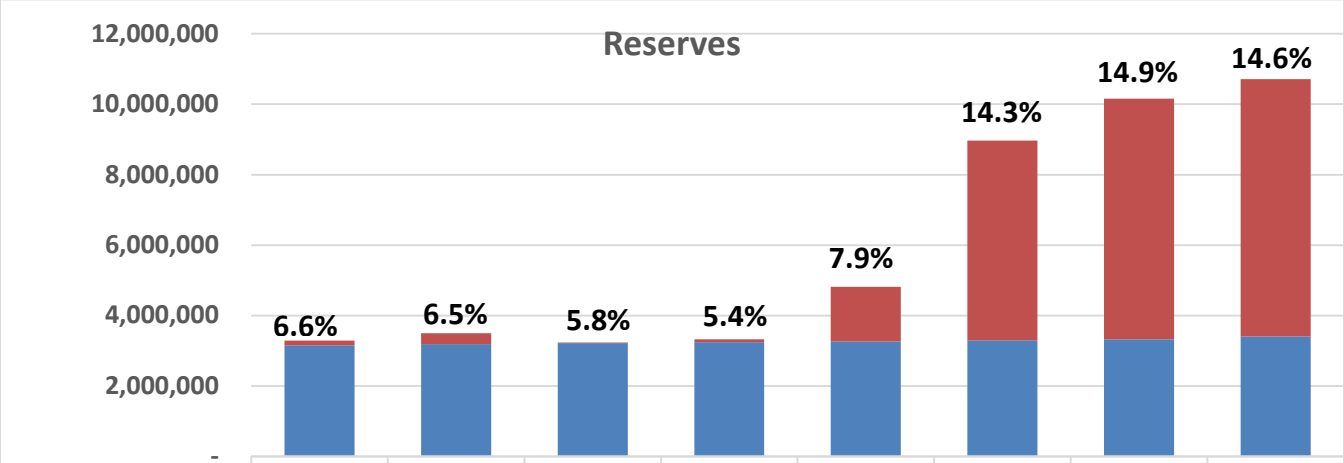
Los Gatos-Saratoga Union High School District's (LGSUHSD) 2022-23 budget was adopted by the Board of Education on June 14, 2022.

The budget was amended at the two required interim reporting periods, as additional information became available. This report compares actual operating results for 2022-23 to the last time the 2022-23 budget was brought to the Board of Trustees for review, which was in June 2023 when the 2023-24 budget was presented and approved. At that time the 2022-23 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 2023-24 budget, should significant changes in the state's enacted budget require changes at the district level. No changes to the 2023-24 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 2023. 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)



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
General Fund	136,716	312,085	19,787	87,077	1,548,819	5,671,060	6,837,887	7,306,339
Special Reserve	3,154,906	3,184,601	3,213,727	3,241,766	3,263,289	3,296,613	3,323,079	3,403,600

The district ended 2022-23 with a fund balance in the General Fund of $10,461,076; this total includes $3,140,937 of 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, $7,306,339, 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 2022-23 year with reserve levels above the state-required minimum as well as the board recommended minimum of 10%.

2022-23 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	74,962,985	1,981,879	214,502	80,521	27,393	176,676	272,089	2,957,150	6,419,252	10,521	87,102,968
Expense	(73,291,287)	(1,953,268)	-		-	(9,785,391)	(242,351)	(1,936,536)	(5,928,850)	-	(93,137,683)
Grand Total	1,671,698	28,611	214,502	80,521	27,393	(9,608,715)	29,738	1,020,614	490,402	10,521	(6,034,715)
Beginning 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
Ending Balance	10,461,076	46,378	820,708	3,403,600	1,157,908	8,123,694	453,053	11,040,319	5,149,457	444,745	41,100,938
Restricted	3,140,937	-	-	-	-	8,123,694	453,053	11,040,319	5,149,457	444,745	28,352,205
Non-Spendable / Committed / Assigned	13,800	46,378	820,708	-	1,157,908	-	-	-	-	-	2,038,794
Reserve for Economic Uncertainties	7,306,339	-	-	3,403,600	-	-	-	-	-	-	10,709,939
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 first satisfied 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 ($668,886). 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

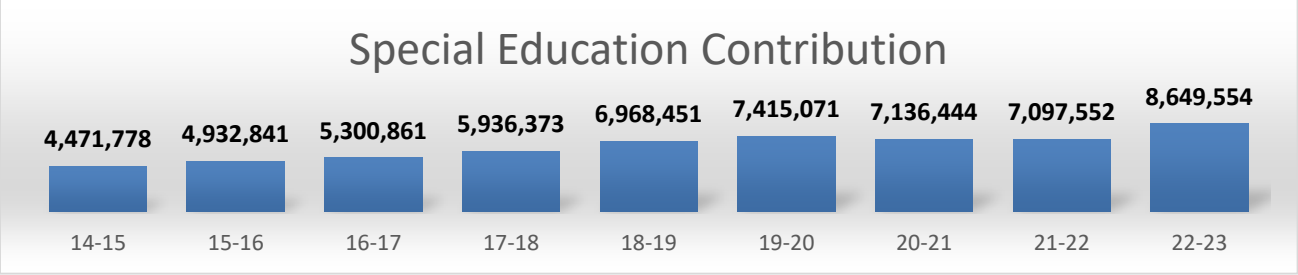
Other sources of funds in the Unrestricted General Fund include Lottery (the unrestricted portion), the mandated cost block grant, leases and rentals, and interest. The parcel tax (Measure A of 2016) is accounted for in the Unrestricted General Fund, although expenditures are limited to the specific 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 2022-23 the unrestricted general fund contribution increased, however cost containment efforts in prior years continue to control these increases while preserving services to students. The changes in the contribution were primarily due to the salary schedule increase, additional Non-Public School (NPS) placement, and increased Mental Health costs. Mental Health continues to be a focus of the district.



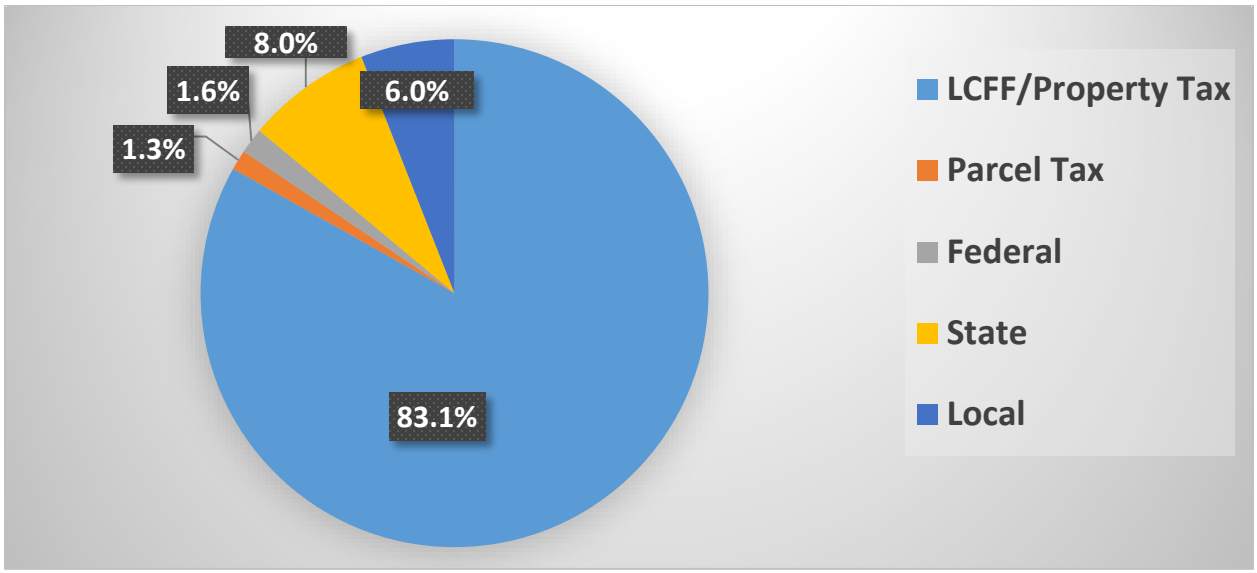
A contribution to the restricted maintenance account from the Unrestricted General Fund equal to 3% of the districts total General Fund budgeted expenditures is required by statute.

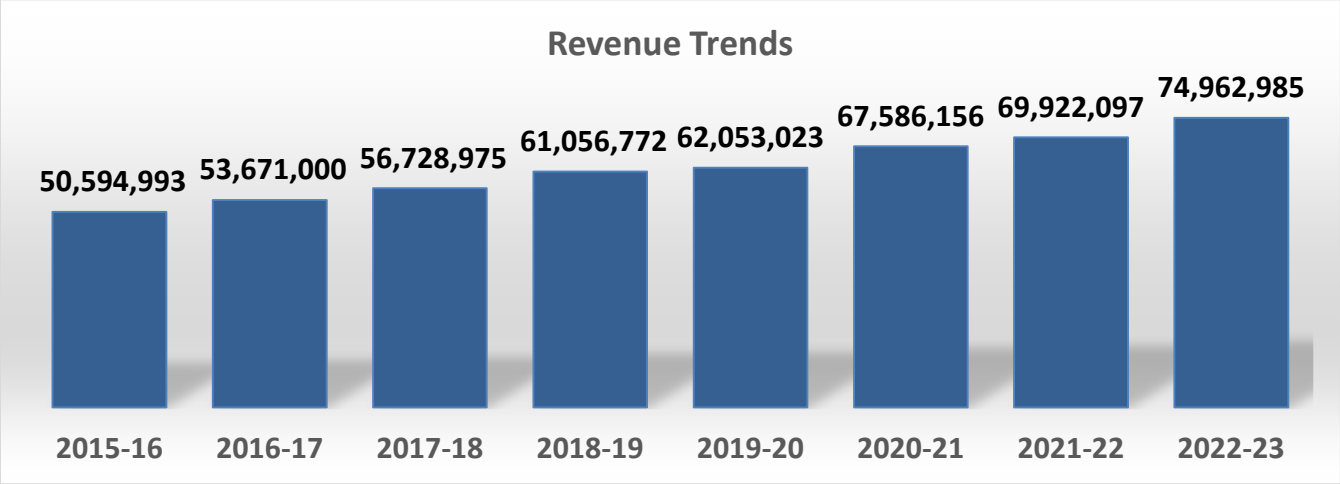
2022-23 General Fund Revenues (Restricted and Unrestricted)

	2022-23 (Estimated)	2022-23 (Final)	Final minus Estimated
LCFF/Property Tax/Redevelopment	61,500,862	62,329,122	828,260
Parcel Tax	948,000	953,791	5,791
Federal	844,915	1,224,940	380,025
State	5,451,762	5,975,965	524,203
Local	3,639,812	4,479,167	839,355
Other	0	0	0
TOTAL	72,385,351	74,962,985	2,577,634

The district's 2022-23 General Fund revenues were $2,577,634 more than budgeted, primarily due to additional property taxes, restricted one-time federal and state revenue, as well as revenue from donations. The revenue from donations is restricted and remaining funds will carry over to be spent in 2023-24. Property Taxes were also higher than anticipated by $828,260, which includes an increase in redevelopment funds of $493,615, bringing the total property tax increase over 2021-22 to 7.3%. State revenues also include payments made by the state directly to State Teachers Retirement System (STRS). The STRS on-behalf payments are shown as state revenue to the district. These entries are offset by added retirement expenditures to reflect the amounts paid to STRS by the state, on-behalf of school districts.

2022-23 General Fund Revenue Sources





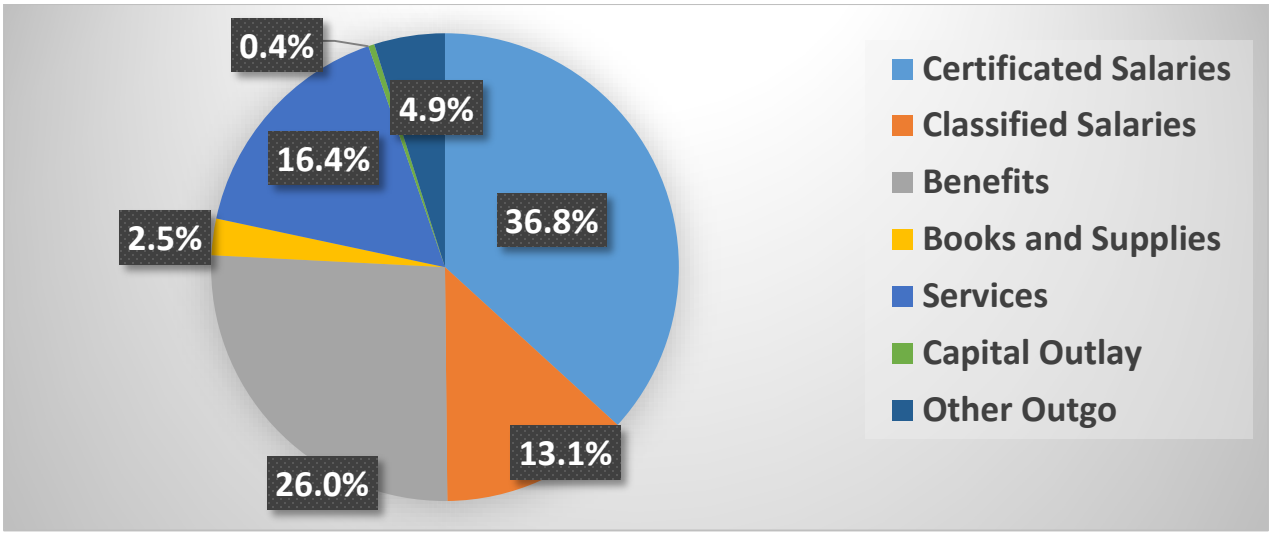
Commencing in 2016-17 the district must book contributions made by the state on behalf of school districts to the State Teachers Retirement System (STRS). This increases both revenue and expense by the same amount.
In 2018-19 only the district was required to book contributions made by the state on behalf 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.

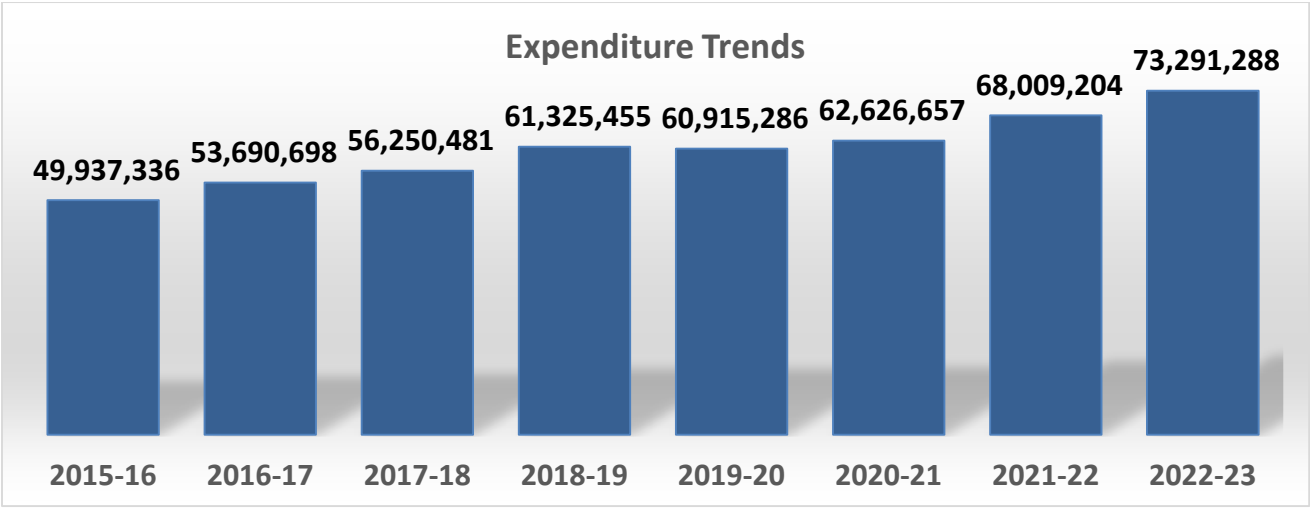
2022-23 General Fund Expenses (Restricted and Unrestricted)

	2022-23 (Estimated)	2022-23 (Final)	Final minus Estimated
Certificated Salaries	26,558,433	26,960,077	401,644
Classified Salaries	9,377,309	9,568,287	190,978
Benefits	19,981,398	19,035,846	(945,552)
Books and Supplies	3,107,579	1,850,642	(1,256,937)
Services/Contracts	10,608,561	11,986,149	1,377,588
Capital Outlay	66,519	304,301	237,782
Other Outgo/Transfers	2,938,592	3,585,985	647,393
TOTAL	72,638,391	73,291,287	652,896

The overall increase in expenses as well as revenue is attributed mostly to one-time funding sources received and expended in all categories in the 2022-23 year. Expenses for certificated substitutes and stipends were higher than budgeted due to an increase in substitute pay, sub shortages, and the need to use teachers to cover during prep periods, as well as the expenditure of restricted one time funds on certificated salary expenses. Classified salaries were higher than anticipated in restricted resources, including, one-time funding, routine restricted maintenance, and special education. Employee benefits also showed an overall decrease due to lower than anticipated retiree benefits and savings in the retirement systems. Savings in the books and supplies category are primarily in restricted funding sources. These amounts will carry over to future years for spending within the restrictions associated with the funding. However, approximately $150,000 was in the unrestricted general fund and offsets increases in other areas of the budget. Services and contracts in the restricted general fund were higher due to higher than anticipated legal costs and contracted services for repairs and additional contracted staffing. Equipment expenses for the replacement of items that were no longer serviceable were more than anticipated. Other outgo included higher than anticipated redevelopment funds transferred to fund 40, Reserve for Other Capital Outlay. Overall, the expenses in the unrestricted general fund were lower than anticipated. The increased expenses were in the restricted funding as mentioned above.

2022-23 General Fund Expense Categories





OTHER SPECIAL REVENUE FUNDS (13, 14, 20)

Along with Fund 17, described in the reserves section, 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 subsequent years.

The Retiree Benefit 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 https://www.lgsuhsd.org/about-us/community-involvement/measure-e-bond-oversight-committee/history.

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 $149,000.

SPECIAL RESERVE FOR CAPITAL OUTLAY (40)

In 2022-23 the district transferred $2.5 million to this fund from the general fund to repay COPS and to establish reserves for turf replacement and other capital improvements. This funding is from redevelopment agency (RDA) revenues to be used for capital improvement projects. In addition, proceeds from facilities use (civic center fees) are deposited into fund 40. The current fund balance of $11.0 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.