LOS GATOS-SARATOGA UNION HIGH SCHOOL DISTRICT

2023-2024

UNAUDITED ACTUALS REPORT

INTRODUCTION

Los Gatos-Saratoga Union High School District's (LGSUHSD) 2023-24 budget was adopted by the Board of Education on June 13, 2023.

The budget was amended at the two required interim reporting periods, as additional information became available. This report compares actual operating results for 2023-24 to the last time the 2023-24 budget was brought to the Board of Trustees for review, which was in June 2024 when the 2024-25 budget was presented and approved. At that time the 2023-24 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 2024-25 budget, should significant changes in the state's enacted budget require changes at the district level. No changes to the 2024-25 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 2024. 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 2023-24 with a fund balance in the General Fund of $10,337,583; this total includes $3,789,478 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, $6,548,106, 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 2023-24 year with reserve levels above the state-required minimum as well as the board recommended minimum of 10%.

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. 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.

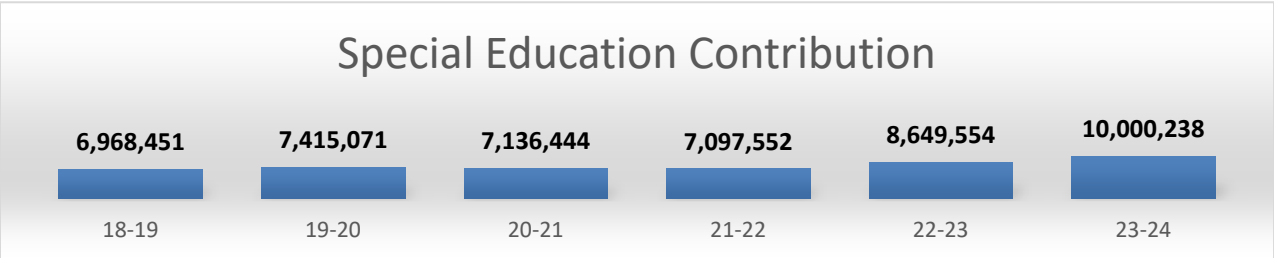
Restricted General Fund Activities

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. 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.

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 2023-24 school year 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.



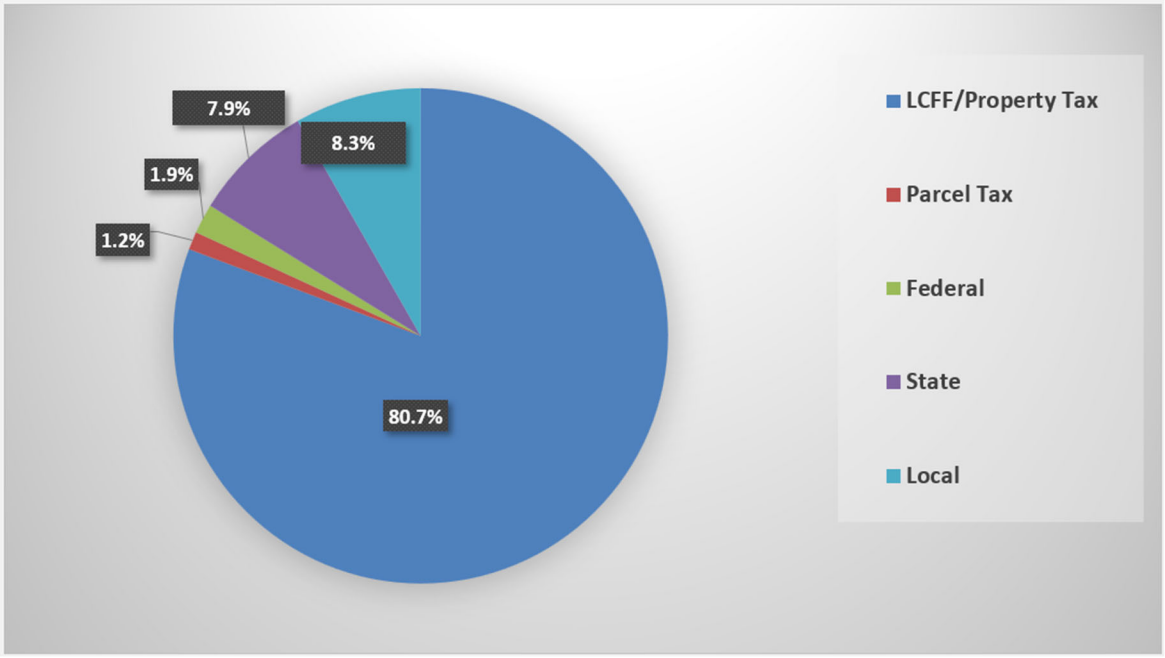
2023-24 General Fund Revenues (Restricted and Unrestricted)

Total General Fund **Revenues**
Estimated Actuals versus Unaudited Actuals

	2023-24 (Estimated Actuals)	2023-24 (Unaudited Actuals)	Increase (Decrease)
LCFF/Property Tax/Redevelopment	65,352,170	65,269,634	(82,536)
Parcel Tax	953,791	955,252	1,461
Federal	1,509,714	1,566,000	56,286
State	5,262,998	6,690,903	1,427,905
Local	3,919,854	5,450,475	1,530,621
TOTAL	76,998,527	79,932,264	2,933,737

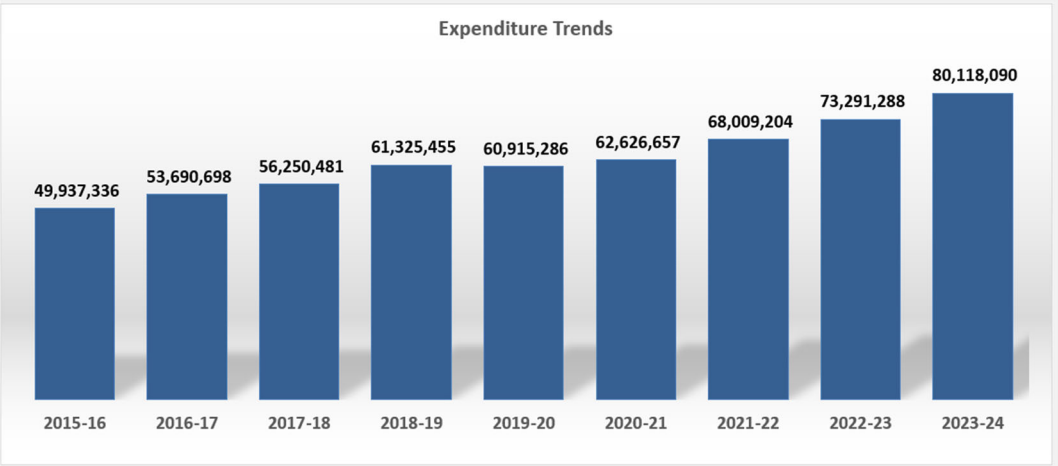
The district's 2023-24 General Fund revenues were $2,933,737 more than budgeted, primarily due to restricted one-time federal and state revenue, as well as revenue from donations. The revenue from donations is restricted and remaining funds will carry over to be spent in 2024-25. State revenues also 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.

2023-24 General Fund Revenue Sources



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 entry increased both revenue and expense by 2.52 million dollars for the 2023-24 school year.

2022-23 General Fund Expenses (Restricted and Unrestricted)

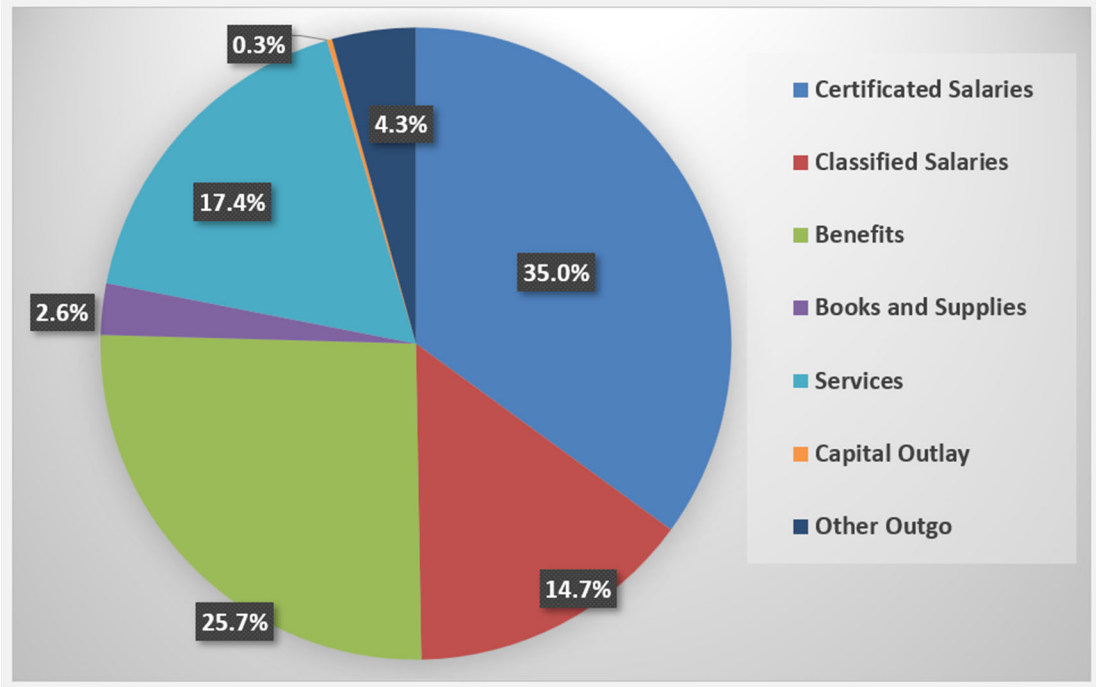


The overall increase in expenses as well as revenue is attributed mostly to one-time funding sources received and expended in all categories in the 2023-24 year. Classified salaries were higher than anticipated in restricted resources, including, one-time funding, routine restricted maintenance, and 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. Services and contracts in the restricted general fund were higher due to higher than anticipated legal costs, parcel tax election fees, 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.

General Fund **Expenditures**
Estimated Actuals versus Unaudited Actuals

	2023-24 (Estimated Actuals)	2023-24 (Unaudited Actuals)	Increase (Decrease)
Certificated Salaries	28,655,597	28,057,071	(598,526)
Classified Salaries	11,444,497	11,783,684	339,187
Benefits	21,012,759	20,600,341	(412,418)
Books and Supplies	2,989,460	2,109,821	(879,639)
Services/Contracts	12,718,442	13,922,674	1,204,232
Capital Outlay	11,200	205,337	194,137
Other Outgo/Transfers	2,793,918	3,439,162	645,244
TOTAL	79,625,874	80,018,189	492,217

2023-24 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.

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.

SPECIAL RESERVE FOR CAPITAL OUTLAY (40)

The current fund balance of $11.0 million reflects amounts reserved for future facility or capital outlay costs.

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.