

INTRODUCTION

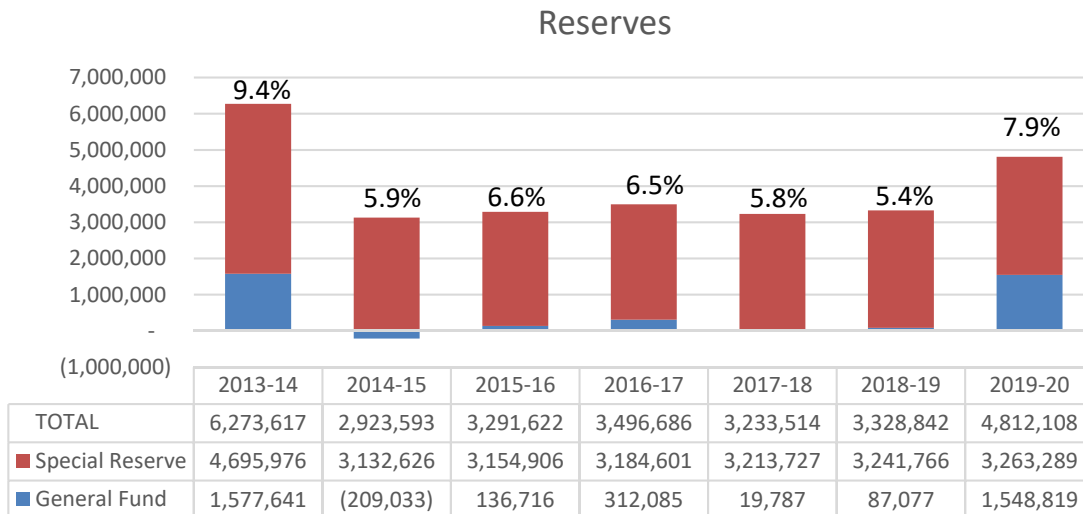
Los Gatos-Saratoga Union High School District's (LGSUHSD) 2019-20 Local Control and Accountability Plan (LCAP) and 2019-20 budget were adopted by the Board of Education on June 11, 2019.

The budget was amended at the interim reporting periods, as additional information became available. This report compares actual operating results for 2019-20 to the last time the 2019-20 budget was brought to the Board of Trustees for review, which was in June 2020 when the 2020-21 budget was presented and approved. At that time the 2019-20 budget was presented as estimated actuals.

At this time actual operating results are being submitted 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 2020-21 budget, should significant changes in the state's enacted budget require changes at the district level. No changes to the 2020-21 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 2020. 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 2019-20 with a fund balance in the General Fund of \$1,916,986. Of this amount \$357,017 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, \$1,548,819, 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 2019-20 year with reserve levels above the state-required minimum.

2019-20 UNAUDITED ACTUALS SUMMARY

Fund Type	General	Special Revenue Funds					Capital Funds			Debt Service	Fiduciary	Grand Total
Fund number	01	13	14	17	20	71	21	25	40	51	73	
Revenue	(62,053,023)	(925,874)	(201,877)	(21,523)	(18,399)	-	(611,754)	(196,277)	(2,268,239)	(5,364,687)	(8,379)	(71,670,032)
Expense	60,915,286	928,724	115,942	-	-	-	2,139,663	461,074	804,169	10,245,503	4,000	75,614,361
Grand Total	(1,137,737)	2,850	(85,935)	(21,523)	(18,399)	-	1,527,909	264,797	(1,464,070)	4,880,816	(4,379)	3,944,329
Beginning Balance	779,249	11,141	115,525	3,241,766	1,091,781	-	30,104,415	596,663	3,128,472	9,007,120	429,983	48,506,115
Ending Balance	1,916,986	8,291	201,460	3,263,289	1,110,180	-	28,576,506	331,866	4,592,542	4,126,304	434,362	44,561,786
Restricted	357,017	-	-	-	-	-	28,576,506	331,866	4,592,542	4,126,304	434,362	38,418,597
Non-Spendable / Committed / Assigned	11,150	8,291	201,460	-	1,110,180	-	-	-	-	-	-	1,331,081
Reserve for Economic Uncertainties	1,548,819	-	-	3,263,289	-	-	-	-	-	-	-	4,812,108
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. Revenue is listed in parentheses. Where revenue exceeds expense, the result is also shown in parentheses.

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 (\$685,854). 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.

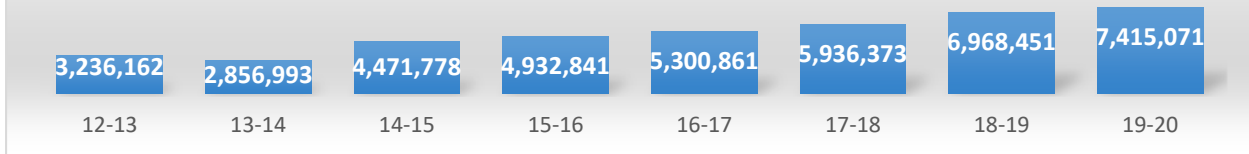
Restricted General Fund Activities

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 Titles II and IV
- 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 2019-20 the district was able to control cost increases while preserving services to students. The contribution increased from \$7.0 million in 2018-19 to just over \$7.4 million in 2019-20. Savings are attributed to cost control efforts in the areas of Non-public schools, legal expenses, and settlements. These savings were offset by charging indirect costs and shifting some expenses attributed to Special Education from the unrestricted general fund.

Special Education Contribution



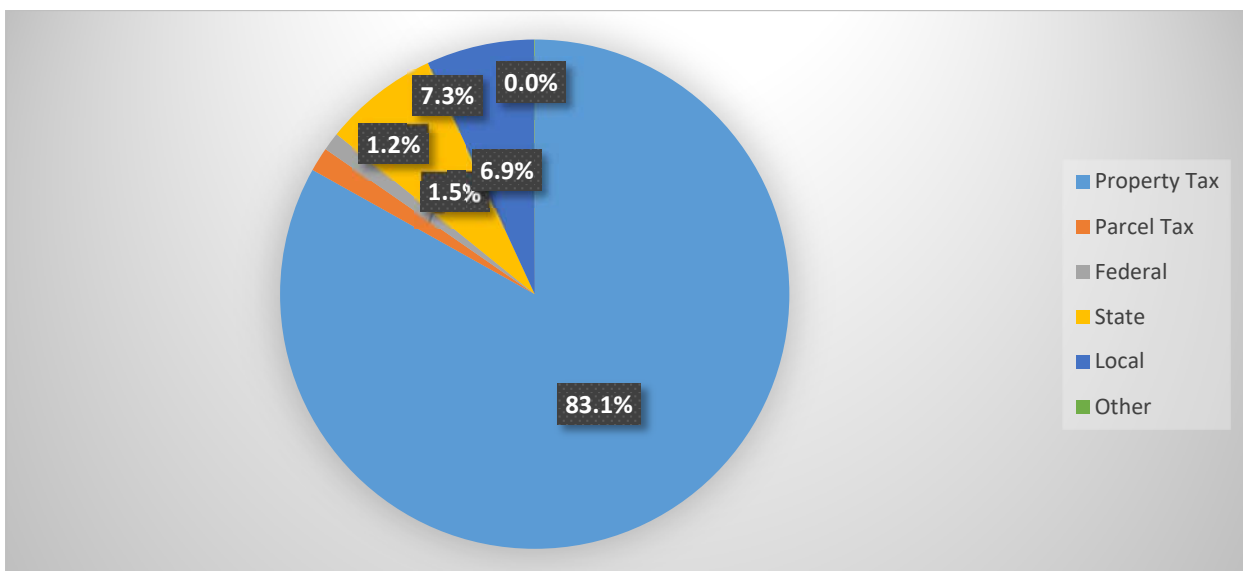
A contribution to the restricted maintenance account from the Unrestricted General Fund equal to 3% of the districts total General Fund budgeted expenditures is required by statute.

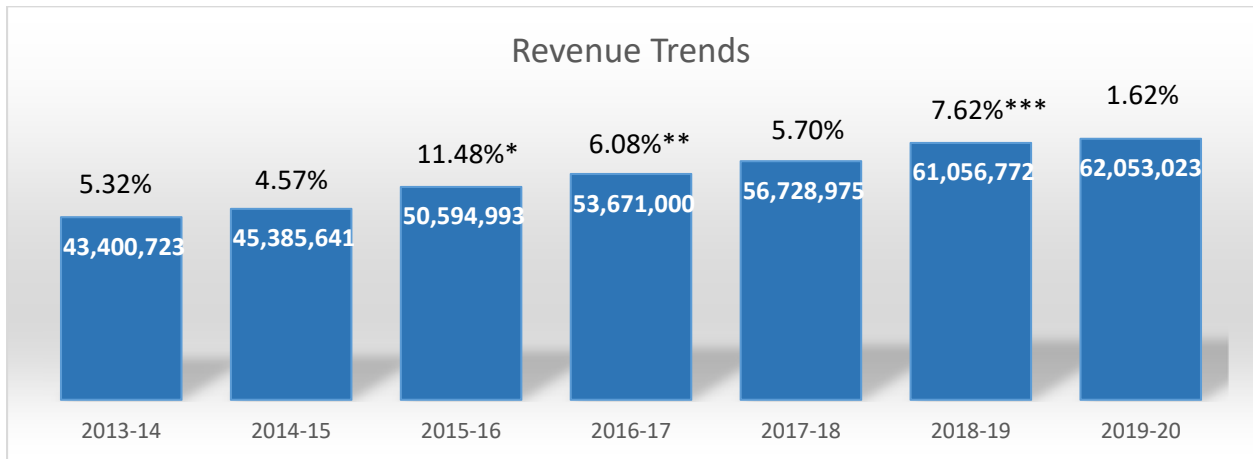
2019-20 Operating Results for the Total General Fund (Restricted and Unrestricted)

Revenue

	2019-20 (Estimated)	2019-20 (Final)	Final minus Estimated
Property Tax	51,517,109	51,578,255	61,146
Parcel Tax	948,000	951,181	3,181
Federal	681,438	719,937	38,499
State	4,625,010	4,525,109	(99,901)
Local	4,050,892	4,253,308	202,416
Other	18,705	25,233	6,528
TOTAL	61,841,154	62,053,023	211,869

The district's 2019-20 General Fund revenues were \$211,869 more than budgeted, primarily due to additional local revenue. 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.





Percentage indicates increase over the prior year

*In 2015-16 The district received \$1.8 million in one-time funds for mandated costs.

**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.

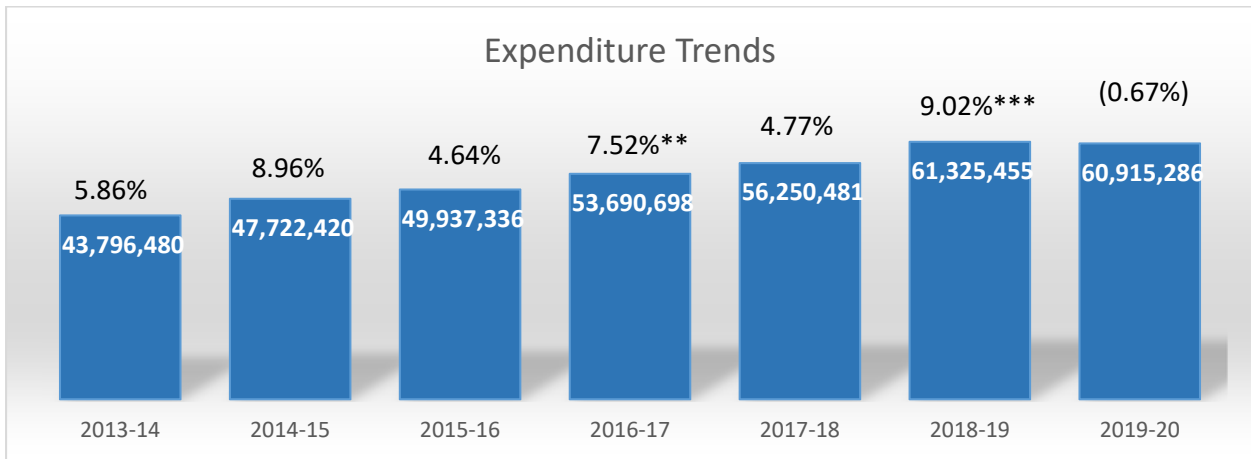
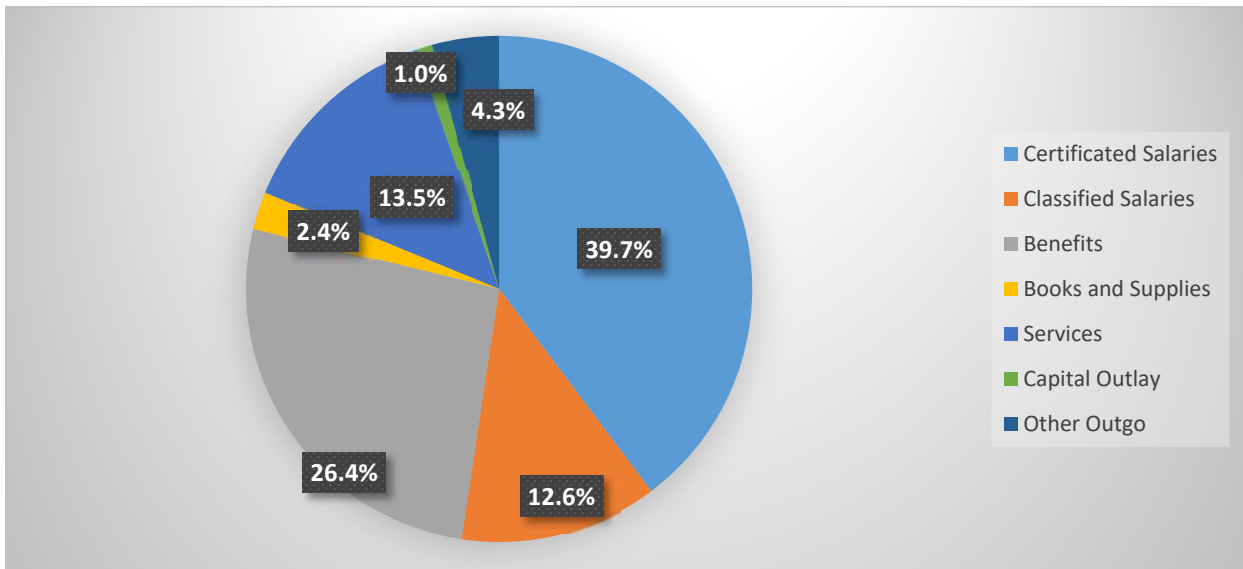
***In 2018-19 only the district was required to book contributions made by the state on behalf of school districts to the Public Employees Retirement System (PERS). This increased both revenue and expense by the same amount for the 2018-19 year.

Revenue Excluding On-behalf Payments

	13-14	14-15	15-16	16-17	17-18	18-19	19-20
With On Behalf Payments	43,400,723	45,385,641	50,594,993	53,671,000	56,728,975	61,056,772	62,053,023
Without on-behalf Payments	43,400,723	45,385,641	50,594,993	52,069,706	54,830,837	58,559,996	58,977,464
Difference	0	0	0	1,601,294	1,898,138	2,496,776	3,075,559

Expense

	2019-20 (Estimated)	2019-20 (Final)	Final minus Estimated
Certificated Salaries	24,330,650	24,205,037	(125,613)
Classified Salaries	7,625,776	7,701,176	75,400
Benefits	16,190,978	16,098,878	(92,100)
Books and Supplies	2,000,407	1,462,696	(537,711)
Services/Contracts	8,568,456	8,219,310	(349,146)
Capital Outlay	666,074	606,850	(59,224)
Other Outgo/Transfers	2,636,849	2,621,339	(15,510)
TOTAL	62,019,190	60,915,286	(1,103,904)



Percentage indicates increase over the prior year

**STRS on-behalf entry increased expenditures (offset by an equal amount of revenue)

***PERS on-behalf entry increased expenditures (offset by an equal amount of revenue)

	13-14	14-15	15-16	16-17	17-18	18-19	19-20
With On Behalf Payments	43,796,480	47,722,420	49,937,336	53,690,698	56,250,481	61,325,455	60,915,286
Without on-behalf Payments	43,796,480	47,722,420	49,937,336	52,089,404	54,352,343	58,828,679	57,839,727
Difference	0	0	0	1,601,294	1,898,138	2,496,776	3,075,559

The overall decrease in expense was due to expenditure budgets unspent in the areas of substitute teacher pay, supplies, and utilities, due to school closures starting in March 2020, due to COVID-19.

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.lgsuhd.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 owing is \$2.6 million.

SPECIAL RESERVE FOR CAPITAL OUTLAY (40)

In 2019-20 the district deposited \$2.0 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) 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 \$4.6 million reflects amounts reserved for future facility 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.