

Los Gatos-Saratoga  
Union High School District

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**2023-24 First Interim  
Report**

December 12, 2023

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This document, the First Interim Report, covers the financial and budgetary status of the district for the period ending October 31, 2023. The report certifies that the district can meet all of its financial obligations for the current fiscal year and subsequent two fiscal years. It is being presented to the Board of Trustees for approval and submission to the County Office of Education.

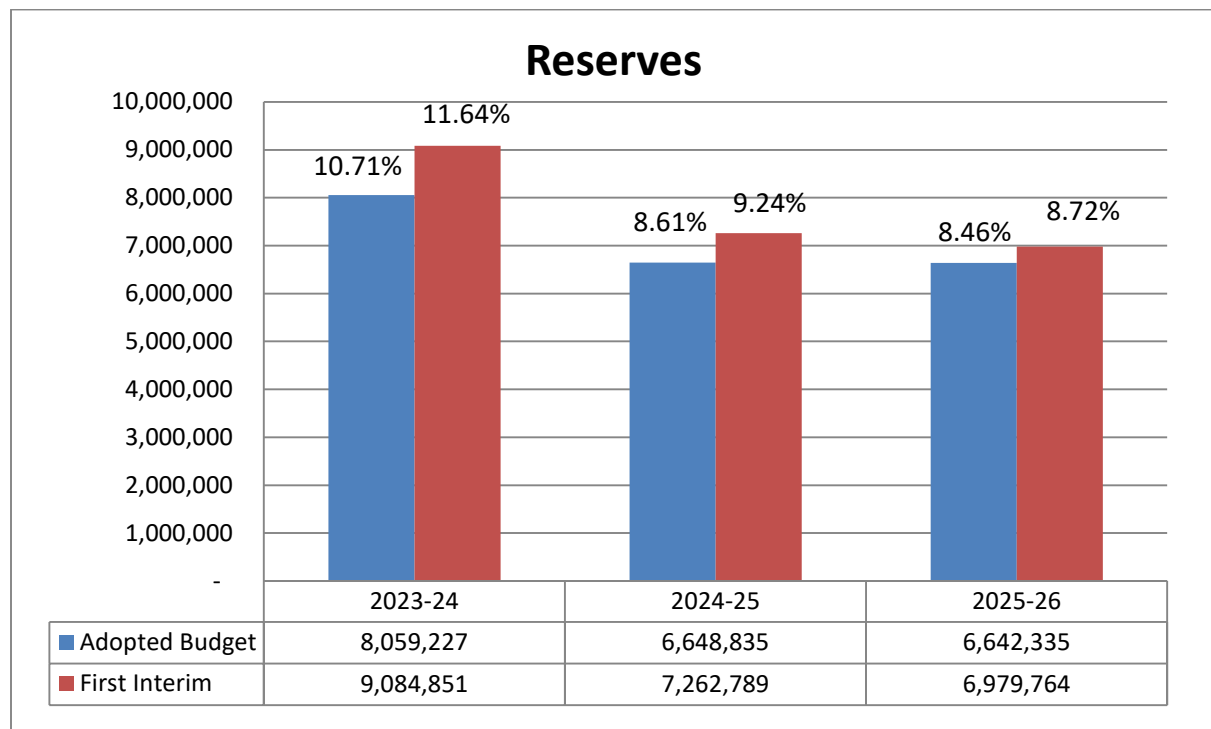
The First Interim Report incorporates known changes from the budget that was adopted in June. The report reflects adjustments to tax revenues, changes in personnel costs and current spending trends.

The continued impact of COVID-19 caused unprecedented unemployment and economic disruption. The economic downturn caused by the pandemic had no precedent and the recovery has been and continues to be unlike previous recessions. As a community funded district the greatest impact to our school district will not be reduced state funding but rather the impact to property tax assessments. At this time, the assessed value (AV) which determine property tax collections has continued to hold strong.

## UNRESTRICTED GENERAL FUND

### Reserves

The projected unrestricted ending balance in 2023-24 is \$5,629,251. The unrestricted fund balance in the General Fund, plus the \$3,455,600 balance in the Special Reserve Fund for Non Capital Outlay, together form the district’s reserve for Economic Uncertainties.



The required state minimum reserve is 3%. The district has established a minimum 10% reserve in Board policy 3100, although a strategic reserve of 16% is desired. The reserve amount in 2025-26 assumes the renewal of the \$49 parcel tax. If that parcel tax is not renewed, the reserve will be impacted if the general fund expenses remain at the forecasted levels.

Unrestricted General Fund Summary

Item	Adopted Budget	First Interim Budget	Difference
Revenue	64,016,549	65,534,730	1,518,181
Expenditures	(54,512,201)	(54,902,961)	(390,760)
Revenue less Expenditures	9,504,348	10,631,769	1,127,421
Contributions	(11,198,636)	(11,987,994)	(789,358)
Fund Balance Increase/(Decrease)	(1,694,288)	(1,356,225)	338,063
Interfund Transfers In	-	-	-
Interfund Transfers Out	(334,663)	(334,663)	-
Beginning Fund Balance	6,685,119	7,320,139	635,020
Ending Fund Balance	4,656,168	5,629,251	973,083

Unrestricted General Fund Revenues

Item	Adopted Budget	First Interim Budget	Difference
LCFF/Property Tax (mostly local taxes)	61,758,347	63,271,436	1,513,089
Other State Revenue	764,702	763,674	(1,028)
Local Revenue	1,493,500	1,499,620	6,120
SUBTOTAL	64,016,549	65,534,730	1,518,181
Contributions	(11,198,636)	(11,987,994)	(789,358)
Interfund Transfers In	-	-	-
TOTAL	52,817,913	53,546,736	728,823

First Interim unrestricted revenues increased a total of \$728,823 since the Adopted Budget. Unrestricted revenues in the General Fund consist primarily of state support, local property taxes, lottery, and local revenues. Local revenues consist mostly of parcel tax revenues, rental income and

interest. First Interim property tax revenues increased by \$1,513,089 due to higher 22-23 collections and current estimates forecasted by the tax assessor’s office after the final rollover of the assessed values. Other State revenue also showed a small decrease due to an adjusted Mandated Cost Block Grant allocation.

Unrestricted revenues are reduced by contributions to restricted programs. These contributions are for restricted maintenance and special education. The increases to contributions were due to additional special education staffing, and other services based on actual 22-23 expenses.

### Unrestricted General Fund Expenditures

Item	Adopted Budget	First Interim Budget	Difference
Certificated Salaries	24,844,795	24,415,120	(429,675)
Classified Salaries	7,430,344	8,118,917	688,573
Benefits	14,769,407	14,879,051	109,644
Books and Supplies	1,488,905	1,498,905	10,000
Operating Expenses	5,847,537	5,859,755	12,218
Capital Outlay	-	-	-
Other Outgo	131,213	131,213	-
<b>TOTAL</b>	<b>54,512,201</b>	<b>54,902,961</b>	<b>390,760</b>

Salary and benefit budgets have been updated to reflect changes since Budget Adoption. Multi-year budgets reflect projected step increases, the projected cost of new hires, and retirements, and a negotiated salary schedule increase for 2023/24. No salary schedule increase is included in the 2024/25 or 2025/26 years. Budgets for non-personnel costs have been updated to reflect current needs in books, supplies, and other operating expenses. Current and multi-year projections include one-time costs, as well as costs that do not occur every year (e.g. election expense). Assumptions about various categories of expense that often exceed general inflation are listed on page six. Examples are health and welfare, utilities, insurance and special education (which affects the unrestricted General Fund in the contribution that is required to cover costs that exceed federal and state support). These cost increases are based on historical trends.

The adopted budget contained an estimated benefit cost increase. These rates are now known and are reflected in the First Interim Budget. The budget for future years conservatively maintains a 9% annual increase.

## RESTRICTED GENERAL FUND

### Restricted General Fund Summary

Item	Adopted Budget	First Interim Budget	Difference
Revenue	9,051,548	10,605,167	1,553,619
Expenditures + Transfers Out	20,401,540	22,831,275	2,429,735
Revenue less Expenditures	(11,349,992)	(12,226,108)	(876,116)
Contribution from Unrestricted	11,198,636	11,987,994	789,358
Fund Balance Increase/Decrease	(151,356)	(238,114)	(86,758)
Beginning Fund Balance	1,851,220	3,140,937	1,289,717
Ending Fund Balance	1,699,864	2,902,823	1,202,959

### Restricted General Fund Revenues

The Restricted General Fund accounts for sources of funds that are restricted by statute (federal and state) or by the donor (local). Revenues that are contributed by school-connected organizations to support coaches and other activities are recorded as restricted.

Item	Adopted Budget	First Interim Budget	Difference
Taxes (Special Education)	1,943,679	2,080,734	137,055
Federal Revenue	866,256	1,495,613	629,357
State Revenue	3,108,665	3,681,997	573,332
Local Revenue	3,132,948	3,346,823	213,875
Contributions	11,198,636	11,987,994	789,358
TOTAL	20,250,184	22,593,161	2,342,977

Special Education Funding includes Taxes, Federal Revenue and Local Revenue. The Local Revenue and Taxes reflected an increase due to changes in the Special Education Local Plan Area (SELPA) allocation. Federal and State revenue have been adjusted to reflect the addition of amounts carried over from 2022-23. Most of this funding was one-time, but intended to be used over several years.

Restricted General Fund Expenditures

Item	Adopted Budget	First Interim Budget	Difference
Certificated Salaries	3,635,043	3,770,357	135,314
Classified Salaries	2,712,954	3,385,536	672,582
Benefits	5,792,680	5,988,967	196,287
Books and Supplies	1,261,677	2,667,831	1,406,154
Other Operating Expenses	4,672,960	4,692,358	19,398
Capital Outlay	-	-	-
Other Outgo	116,362	116,362	-
Interfund Transfers Out	2,209,864	2,209,864	-
<b>TOTAL</b>	<b>20,401,540</b>	<b>22,831,275</b>	<b>2,429,735</b>

Salary and benefit budgets have been updated to reflect changes since Budget Adoption. Multi-year budgets reflect projected step increases, the projected cost of new hires, and retirements, and a negotiated salary schedule increase for 2023/24. No salary schedule increase is included in the 2024/25 and 2025/26 years. Budgets for non-personnel costs have been updated to reflect current needs in books, supplies, and other operating expenses. All categories show increases to allow for spending of amounts carried over from 2022-23.

ASSUMPTIONS

REVENUE ASSUMPTIONS	2023-24	2024-25	2025-26
<b><u>Enrollment</u></b>			
October Enrollment	3,187	3,041	2,888
Enrollment Gain (Loss) over prior October	(88)	(146)	(153)
Gain (Loss) Percentage	(2.69%)	(4.58%)	(5.03%)
Budgeted Teacher Increase/(Decrease)	0	0	(1)
Teacher Retirements (from prior June)	3	1	4
<b><u>ADA</u></b>			
P-2 ADA	3,014	2,843	2,696
ADA Gain (Loss)	(50)	(171)	(147)
ADA as Percent of Enrollment	94.91%	93.84%	93.72%
<b><u>LCFF</u></b>			
LGSUHSD LCFF (categorical minimum)	\$ 150,691	\$ 150,691	\$ 150,691
Education Protection Act (\$200 per ADA)	\$ 645,246	\$ 618,630	\$ 596,942
<b><u>Other Revenue</u></b>			
Property Tax (in \$)	\$ 61,294,499	\$ 64,044,696	\$ 66,936,358
Property Tax Increase	5.70%	4.49%	4.36%
Redevelopment Agency Distribution	\$ 1,176,000	\$ 220,000	\$ 220,000

Redevelopment Agency Pass through	\$ 2,209,864	\$ 2,209,864	\$ 2,209,864
RDA Pass through Increase	0.00%	0.00%	0.00%
Parcel Tax	\$ 900,000	\$ 850,000	\$ 850,000
Mandated Cost Block Grant	\$72.84	\$75.71	\$78.20
Mandated Cost Block Grant	\$ 219,540	\$ 215,244	\$ 210,827
Lottery (Unrestricted) per ADA	\$ 177.00	\$ 177.00	\$ 177.00
Lottery (Unrestricted)	\$ 536,010	\$ 536,010	\$ 536,010
Lottery (Restricted) per ADA	\$ 72.00	\$ 72.00	\$ 72.00
Lottery (Restricted)	\$ 211,251	\$ 211,251	\$ 211,251

<b>EXPENDITURE ASSUMPTIONS</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
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**Employer Rate**

STRS RATE	19.10%	19.10%	19.10%
PERS RATE	26.68%	27.70%	28.30%
MEDICARE	1.45%	1.45%	1.45%
SOCIAL SECURITY	6.20%	6.20%	6.20%
UNEMPLOYEMENT INSURANCE	0.50%	0.50%	0.50%
WORKERS COMPENSATION	1.453%	1.453%	1.453%
Classified Salary Total Rates	36.283%	37.303%	37.903%
Certificated Salary Total Rates	22.503%	22.503%	22.503%

**Health Plans**

Rates change in January. Caps are the average of monthly rates for the fiscal year

Monthly Employer Cap - Employee Only	\$1,138	\$1,362	\$1,485
Monthly Employer Cap - Employee +1	\$2,278	\$2,631	\$2,868
Monthly Employer Cap - Family	\$2,961	\$3,420	\$3,782
Percent Increase	5.5%	9.0%	9.0%

**Percent Increases**

UTILITIES	3.50%	3.50%	3.50%
PROPERTY and LIABILITY INSURANCE	6.00%	10.00%	10.00%
LEGAL COST (Special Ed)	5.00%	5.00%	5.00%
LEGAL COST (Other)	5.00%	5.00%	5.00%
SPECIAL EDUCATION Non-Public Schools	5.00%	5.00%	5.00%

**SCHOOL ALLOCATIONS**

MATERIALS/SUPPLIES - SCHOOL SITES per student	\$130	\$130	\$130
Graduation	\$35,000	\$30,000	\$30,000
Furniture/Fixtures/Equipment	\$75,000	\$75,000	\$75,000
Sports/Training/Helmet/Referee	\$60,000	\$60,000	\$60,000
Project Lead the Way/STEM	\$15,000	\$15,000	\$15,000
School Site Council	\$40,000	\$40,000	\$40,000

### SSC School District and Charter School Financial Projection Dashboard 2023-24 Enacted State Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dashboard is based on the 2023–24 Enacted State Budget. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2022-23	2023-24 <sup>1</sup>	2024-25	2025-26	2026-27
Department of Finance Statutory COLA	6.56%	8.22%	3.94%	3.29%	3.19%
Planning COLA	6.56%	8.22%	3.94%	3.29%	3.19%

LCFF GRADE SPAN FACTORS FOR 2023-24				
Entitlement Factors per ADA <sup>*</sup>	TK-3	4-6	7-8	9-12
2022-23 Base Grants	\$9,166	\$9,304	\$9,580	\$11,102
Statutory COLA of 8.22%	\$753	\$765	\$787	\$913
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,032	–	–	\$312
2023-24 Adjusted Base Grants <sup>2</sup>	\$10,951	\$10,069	\$10,367	\$12,327
Transitional Kindergarten (TK) Add-On <sup>3</sup>	\$3,044	–	–	–

<sup>\*</sup>Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2022-23	2023-24	2024-25	2025-26	2026-27
California CPI		5.69%	3.55%	3.03%	2.64%	2.90%
California Lottery	Unrestricted per ADA	\$204	\$177	\$177	\$177	\$177
	Restricted per ADA	\$100	\$72	\$72	\$72	\$72
Mandate Block Grant (District)	Grades K-8 per ADA	\$34.94	\$37.81	\$39.30	\$40.59	\$41.88
	Grades 9-12 per ADA	\$67.31	\$72.84	\$75.71	\$78.20	\$80.69
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$18.34	\$19.85	\$20.63	\$21.31	\$21.99
	Grades 9-12 per ADA	\$50.98	\$55.17	\$57.34	\$59.23	\$61.12
Interest Rate for Ten-Year Treasuries		3.72%	3.60%	2.98%	2.90%	3.00%
CalSTRS Employer Rate <sup>4</sup>		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate <sup>4</sup>		25.37%	26.68%	27.70%	28.30%	28.70%
Unemployment Insurance Rate <sup>5</sup>		0.50%	0.05%	0.05%	0.05%	0.05%
Minimum Wage <sup>6</sup>		\$15.50	\$16.00	\$16.50	\$16.90	\$17.30

STATE MINIMUM RESERVE REQUIREMENTS FOR 2023-24	
Reserve Requirement	District ADA Range
The greater of 5% or \$80,000	0 to 300
The greater of 4% or \$80,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

<sup>1</sup>Applies to Special Education, Child Nutrition, State Preschool, Foster Youth, Mandate Block Grant, Adult Education, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education.

<sup>2</sup>Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 35% identification rate threshold.

<sup>3</sup>Funding is based on TK ADA only and is in addition to the adjusted base grant amount. Further, the funding is adjusted by statutory COLA each year.

<sup>4</sup>California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates in 2023-24 are final, and the subsequent years' rates are subject to change based on determination by the respective governing boards.

<sup>5</sup>Unemployment rate in 2023-24 is final based on determination by the Employment Development Department and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

<sup>6</sup>Minimum wage rates are effective January 1 of the respective year.