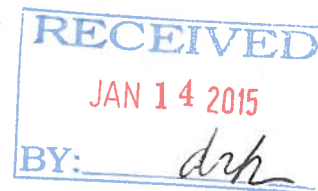




Santa Clara County Office of Education

Jon R. Gundry
County Superintendent of Schools



January 14, 2015

Ms. Leigh-Anne Marcellin, Board President
Los Gatos Union School District
17010 Roberts Road
Los Gatos, CA 95032

Dear Board President Marcellin,

In accordance with the provisions of Education Code (EC) Section 42131, a review of the Los Gatos Union Elementary School District's (District) 2014-15 First Interim Report and the accompanying certification of financial solvency were completed by the Santa Clara County Superintendent of Schools. The District has submitted a **positive** certification, which means that the District projects to meet its financial obligations for the current fiscal year and the two subsequent years. Based on our review and analysis of the data provided, we concur with this certification **at this time** and offer the following comments.

Other Reports

EC Sections 42127 and 42127.6 require districts to submit to the County Office of Education any studies, reports, evaluations, or audits of the district that contain evidence that the district is showing fiscal distress. The County Office of Education is required to incorporate the information contained in these reports into its analysis of the District's budgets and interim reports. We request that the District submit any such documents to our office (e.g., reports done by the Fiscal Crisis and Management Assistance Team) any time they are received by your District.

Concluding Comments

While the Local Control Funding Formula (LCFF) brings about enhancements for most districts, there are still many risks to consider. There is a public perception that LCFF brings new revenue increases to school districts. While the misconceived "increases" are intended to restore districts' base funding to 2007-08 levels (adjusted for inflation), basic aid districts are guaranteed to receive only as much total categorical aid as they received in 2012-13, net of fair share reduction. Since growth in revenues for basic aid districts rely mainly on the increase in assessed value of their unique geographical areas, increase in revenues will likely be more modest in comparison with high LCFF-revenue districts. We recommend the District closely monitor the assessor office's report to ensure the accuracy of revenue projection. As in the past, we continue to encourage districts to utilize a conservative and cautious approach to multiyear forecasting.

We want to thank the District for the timely submission of the First Interim Report. Should you have any questions concerning this review, please do not hesitate to contact me at (408) 453-6510.

Sincerely,

Yen Lam, Advisor
District Business and Advisory Services

County Board of Education: Leon F. Beauchman, Michael Chang, Joseph Di Salvo, Darcie Green, Grace H. Mah, Claudia Rossi, Anna Song
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cc: ~~Members of the Board, Los Gatos Union School District~~
~~Dr. Diana Abbati, Superintendent, Los Gatos Union School District~~
Mr. Martin Fregoso, Assistant Superintendent, Los Gatos School District
Mr. Jon Gundry, Superintendent, Santa Clara County Office of Education (SCCOE)
Ms. Micaela Ochoa, Chief Business Officer, SCCOE
Mr. Kolvira Chheng, Director-DBAS, SCCOE