Los Gatos-Saratoga

Union High School District

2024-25 Second Interim Report

March 25, 2025

Narrative

This document, the Second Interim Report, covers the financial and budgetary status of the district for the period ending January 31, 2025. 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 Second Interim Report incorporates known changes from the budget that was adopted in June. The report reflects changes in personnel costs and current spending trends since the Adopted Budget and the First Interim Budget. Nearly 5 years after the initial impact of COVID-19, lingering effects still haunt our economy with high inflation and interest rates with signals of a looming recession. 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. As of Second Interim, the district's assessed value (AV) which determine property tax collections has continued to hold strong.

UNRESTRICTED GENERAL FUND

Reserves

The unrestricted general fund balance for 2024-25 is projected to be $6,569,750. The unrestricted fund balance in the General Fund, plus the $3,510,232 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.

Unrestricted General Fund Summary

Item	First Interim Budget	Second Interim Budget	Difference
Revenue	71,048,140	71,723,459	675,319
Expenditures	(57,223,892)	(56,831,570)	392,322
Revenue less Expenditures	13,824,248	14,891,889	1,067,641
Contributions	(14,428,421)	(14,553,752)	(125,331)
Interfund Transfers In	285,000	285,000	-
Interfund Transfers Out		(361,440)	(361,440)
Fund Balance Increase/(Decrease)	(319,173)	261,697	580,870
Beginning Fund Balance	6,548,106	6,308,053	(240,053)
Ending Fund Balance	6,228,933	6,569,750	340,817

Unrestricted General Fund Revenues

Item	First Interim Budget	Second Interim Budget	Difference
LCFF/Property Tax	67,083,952	67,084,012	60
Other State Revenue	823,265	1,338,524	515,259
Local Revenue	3,140,923	3,300,923	160,000
SUBTOTAL	71,048,140	71,723,459	675,319
Contributions	(14,428,421)	(14,553,752)	(125,331)
Interfund Transfers In	285,000	285,000	-
TOTAL	56,904,719	57,454,707	549,988

Second Interim unrestricted revenues have increased since the First Interim 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. Of note, projected interest earnings have increased as well as the final recognition of home to school transportation reimbursement revenues. Unrestricted revenues are reduced by contributions to restricted programs. These contributions are for restricted maintenance and special education.

Unrestricted General Fund Expenditures

Item	First Interim Budget	Second Interim Budget	Difference
Certificated Salaries	25,422,837	25,471,506	48,669
Classified Salaries	8,705,071	8,605,114	(99,957)
Benefits	15,797,273	15,669,425	(127,848)
Books and Supplies	816,520	819,020	2,500
Operating Expenses	6,419,672	6,203,986	(215,686)
Capital Outlay	30,000	30,000	-
Other Outgoing	243,788	243,788	-
Other Outgoing – Indirect Costs	(211,269)	(211,269)	-
TOTAL	57,223,892	56,831,570	(392,322)

Salary and benefit budgets have been updated to reflect changes since First Interim. Multi-year budgets reflect projected step increases, the projected cost of new hires, and retirements. 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. Assumptions about various categories of expense that often exceed general inflation are listed at the end of this document. 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 less than anticipated. The budget for future years conservatively maintains a 9% annual increase.

RESTRICTED GENERAL FUND

Restricted General Fund Summary

Item	First Interim Budget	Second Interim Budget	Difference
Revenue	10,528,230	10,525,856	(2,374)
Expenditures + Transfers Out	26,923,862	26,831,045	92,817
Revenue less Expenditures	(16,395,632)	(16,305,189)	90,443
Contribution from Unrestricted	14,428,421	14,553,752	125,331
Fund Balance Increase/Decrease	(1,967,211)	(1,751,437)	215,774
Beginning Fund Balance	3,789,478	3,789,478	-
Ending Fund Balance	1,822,267	2,038,041	215,774

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	First Interim Budget	Second Interim Budget	Difference
LCFF/Property Tax	1,906,109	1,850,169	(55,940)
Federal Revenue	873,999	873,999	-
State Revenue	3,667,648	3,647,788	(19,860)
Local Revenue	4,080,474	4,153,900	73,426
Contributions from Unrestricted	14,428,421	14,553,752	125,331
TOTAL	24,956,651	25,079,608	122,957

Special Education Funding includes Taxes, Federal Revenue and Local Revenue. The Local and State Revenue has decreased slightly based on new information since First Interim. Changes in expenses caused an adjustment in the contributions for Special Education.

Restricted General Fund Expenditures

Item	First Interim Budget	Second Interim Budget	Difference
Certificated Salaries	4,520,548	4,518,864	(1,684)
Classified Salaries	3,858,165	3,904,972	46,807
Benefits	6,603,775	6,645,695	41,920
Books and Supplies	1,812,105	1,589,347	(222,758)
Other Operating Expenses	6,924,522	6,967,420	42,898
Capital Outlay	43,478	43,478	-
Other Outgo	211,269	211,269	-
Interfund Transfers Out	2,950,000	2,950,000	-
TOTAL	26,923,862	26,831,045	(92,817)

Salary and benefit budgets have been updated to reflect changes since First Interim. Multi-year budgets reflect projected step increases, the projected cost of new hires, and retirements. No salary schedule increase is included in the 2025-26 year. Budgets for non-personnel costs have been updated to reflect current needs in books, supplies, and other operating expenses. Restricted carryover from the prior fiscal year was distributed to expenditure accounts.

ASSUMPTIONS

REVENUE ASSUMPTIONS	2024-25	2025-26	2026-27
Enrollment			
October Enrollment	3,046	2,938	2,842
Enrollment Gain (Loss) over prior October	(105)	(108)	(96)
Gain (Loss) Percentage	(2.69%)	(3.55%)	(3.27%)
Budgeted Teacher Increase/(Decrease)	0	0	0
Teacher Retirements (from prior June)	6	0	0
ADA			
P-2 ADA	2,889	2,786	2,695
ADA Gain (Loss)	(115)	(103)	(91)
ADA as Percent of Enrollment	94.84%	94.82%	94.83%
LCFF			
LGSUHSD LCFF (categorical minimum)	$ 150,691	$ 150,691	$ 150,691
Education Protection Act	$ 619,216	$ 619,216	$ 619,216
Other Revenue			
Secured Property Tax (in $)	$ 61,478,214	$ 64,552,125	$ 67,246,931

Property Tax Increase	5.50%	5.00%	5.00%
Redevelopment Agency Distribution	$ 1,424,474	$ 1,424,474	$ 1,424,474
Redevelopment Agency Pass through	$ 2,950,000	$ 2,950,000	$ 2,950,000
RDA Pass through Increase	0.00%	0.00%	0.00%
Parcel Tax	$ 2,400,000	$ 2,466,312	$ 2,534,456
Mandated Cost Block Grant	$73.62	$75.41	$78.06
Lottery (Unrestricted) per ADA	$ 170.00	$ 170.00	$ 170.00
Lottery (Restricted) per ADA	$ 67.00	$ 67.00	$ 67.00

EXPENDITURE ASSUMPTIONS	2024-25	2025-26	2026-27
Employer Rate			
STRS RATE	19.10%	19.10%	19.10%
PERS RATE	27.05%	27.40%	27.50%
MEDICARE	1.45%	1.45%	1.45%
SOCIAL SECURITY	6.20%	6.20%	6.20%
UNEMPLOYMENT INSURANCE	0.05%	0.05%	0.05%
WORKERS' COMPENSATION	1.397%	1.397%	1.397%
Classified Salary Total Rates	36.147%	36.497%	36.597%
Certificated Salary Total Rates	21.997%	21.997%	21.997%
Health Plans			
Rates change in January. Caps are the average of monthly rates for the fiscal year			
Monthly Employer Cap - Employee Only	$1,197	$1,304	$1,422
Monthly Employer Cap - Employee +1	$2,396	$2,612	$2,847
Monthly Employer Cap - Family	$3,394	$3,700	$4,034
Percent Increase	9.0%	9.0%	9.0%
Percent Increases			
UTILITIES	3.50%	3.50%	3.50%
PROPERTY and LIABILITY INSURANCE	6.00%	6.00%	6.00%
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 Dartboard
2025-26 Governor's Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2025-26 Governor's Budget proposal. SSC has updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. SSC has also updated the Local Control Funding Formula (LCFF) factors. SSC relies 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	**2024-25**[1]	**2025-26**[2]	**2026-27**	**2027-28**	**2028-29**
Department of Finance Statutory COLA	1.07%	2.43%	3.52%	3.63%	3.49%

LCFF GRADE SPAN FACTORS FOR 2025-26				
Entitlement Factors per ADA*	**TK-3**	**4-6**	**7-8**	**9-12**
2024-25 Base Grants	$10,025	$10,177	$10,478	$12,144
Statutory COLA of 2.43%	$244	$247	$255	$295
2025-26 Base Grants	$10,269	$10,424	$10,733	$12,439
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	$1,068	–	–	$323
2025-26 Adjusted Base Grants[3]	$11,337	$10,424	$10,733	$12,762
Transitional Kindergarten (TK) Add-On[4]	$6,404	–	–	–

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
California CPI		2.85%	2.92%	2.70%	2.76%	2.90%
California Lottery	Unrestricted per ADA	$191	$191	$191	$191	$191
	Restricted per ADA	$82	$82	$82	$82	$82
Mandate Block Grant (District)	Grades K-8 per ADA	$38.21	$39.14	$40.52	$41.99	$43.46
	Grades 9-12 per ADA	$73.62	$75.41	$78.06	$80.89	$83.71
Mandate Block Grant (Charter)	Grades K-8 per ADA	$20.06	$20.55	$21.27	$22.04	$22.81
	Grades 9-12 per ADA	$55.76	$57.11	$59.12	$61.27	$63.41
Interest Rate for Ten-Year Treasuries		4.39%	4.49%	4.41%	4.30%	4.30%
CalSTRS Employer Rate[5]		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate[5]		27.05%	27.40%	27.50%	28.50%	28.20%
Unemployment Insurance Rate[6]		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage[7]		$16.50	$16.90	$17.40	$17.80	$18.30

STATE MINIMUM RESERVE REQUIREMENTS FOR 2025-26	
Reserve Requirement	**District ADA Range**
The greater of 5% or $88,000	0 to 300
The greater of 4% or $88,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 250,000
1%	250,001 and higher

[1]Applies to Adults in Correctional Facilities Program in the 2025-26 fiscal year.
[2]Applies to Equity Multiplier, Special Education, Child Nutrition, State Preschool, Youth in Foster Care, Mandate Block Grant, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.
[3]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 55% identification rate threshold.
[4]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.
[5]California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates are subject to change based on determination by the respective governing boards.
[6]Unemployment rate in 2024-25 is final, 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).
[7]Minimum wage rates are effective January 1 of the respective year.

 As of January 21, 2025