Adopted Budget Report 2026-27



Los Gatos-Saratoga
UNION HIGH SCHOOL DISTRICT

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A budget is neither a forecast nor a prediction; it is a tool to help district leaders allocate resources in the service of the district's educational mission, balancing benefits to current students, who are served by programs today, and benefits to future students, who are served by the district's continued financial solvency.

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Budget Context

Economic Outlook, State Budget Status, and Enrollment Trend

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Economic Outlook

Sources: Santa Clara County Office of Education, Business Services Division; School Services of California; Santa Clara County Assessor; US Bureau of Labor Statistics

Some economic indicators, such as the stock market and state tax revenues, continue to rise, but other indicators are more sluggish. Most concerning for LGS is a general weakening of Santa Clara County property tax growth. The slow down is most pronounced in areas with significant mid- and low-tier commercial property.

Enrollments are in decline locally and regionally, as net migration continues to flow out of the state and average family sizes continue to decline. This and an increasingly disputatious collective bargaining environment have put significant financial strain on school districts around the state.

State Budget

Sources: School Services of California; Santa Clara County Office of Education, Business Services Division

NOTE: As a basic aid district, LGS is is most impacted by any one-time money allocated per pupil or per ADA.

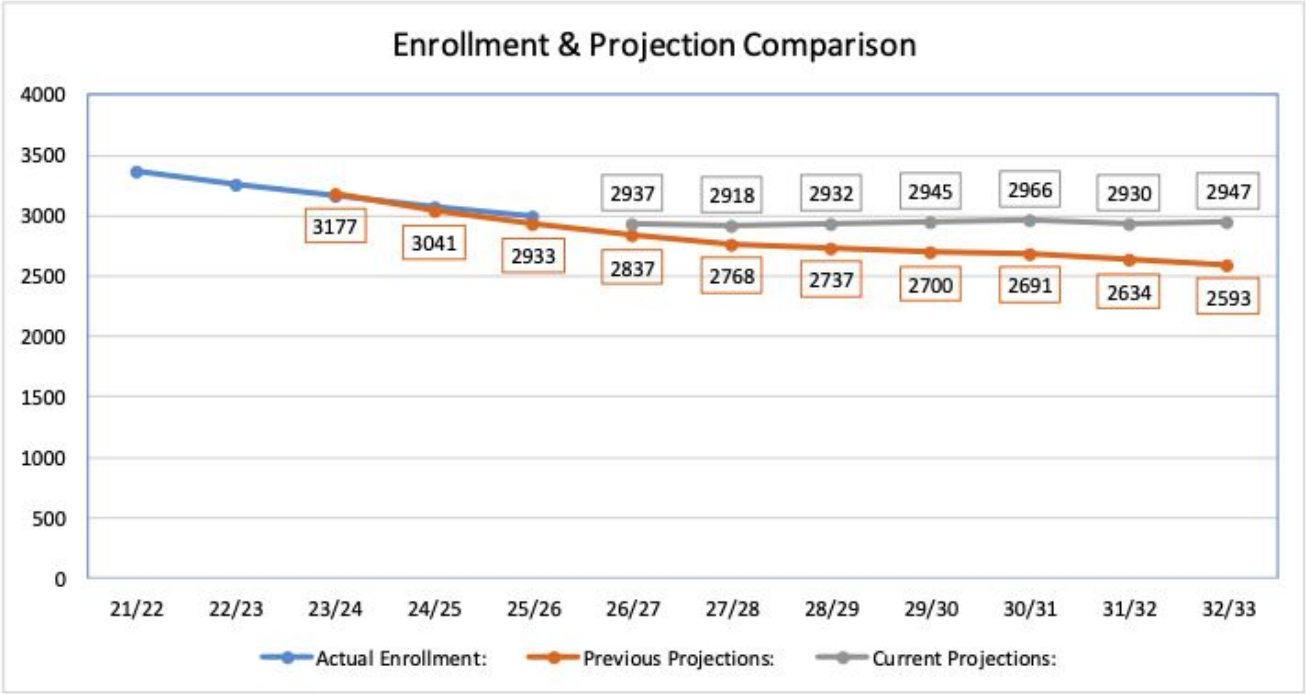
On May 14, the Governor released the May Revision for the proposed 2026-27 State Budget. The revision proposes to under-appropriate the Proposition 98 guarantee by approximately $3.9 billion. This move is controversial and is the largest source of uncertainty surrounding the outcome of budget negotiations. Other key proposals:

- Fully funds the statutory COLA of 2.78% for 2026-27 and an additional "Super COLA" of 1.44% on LCFF grants (which LGS does not receive as a basic aid district)
- Mandates 14 weeks of fully paid maternity leave for birthing parents
- Fully funds the final Learning Recovery Emergency Block Grant (LREBG) payment
- Proposes a new round of discretionary one-time grants paid per ADA
- Increases ADA-based special education funding by 35%

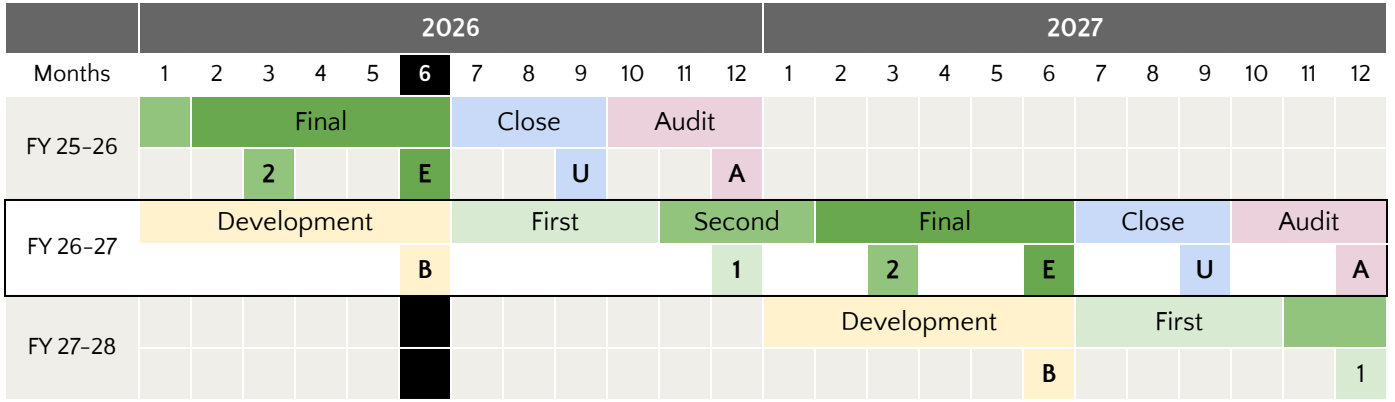
District Enrollment

Source: SchoolWorks Demographics and Enrollment Projection for LGSUHSD, January 2026

NOTE: Enrollment has a larger impact on cost than on revenue in LGS, so conservative budgeting assumes a slower rate of decline.



Fiscal Year Cycle



B: Budget Adoption 1: First Interim 2: Second Interim E: Estimated Actuals U: Unaudited Actuals A: Annual Audit

Starting Point

Major Updates from the Second Interim Report 2025-26

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Updating 2025-26

TABLE 1
Comparison of Major General Fund (Unrestricted and Restricted) Categories Second Interim versus Estimated Actuals for 2025-26 Fiscal Year

	Second Interim	Est Actuals	Difference	Change
Revenues	86,886,377	86,798,541	(87,836)	-0.10%
LCFF/Property Taxes	71,758,821	71,714,220	(44,601)	-0.06%
Federal Revenue	865,212	868,142	2,930	+0.34%
Other State Revenue	6,106,890	6,106,556	(334)	-0.01%
Other Local Revenue	8,155,454	8,109,624	(45,830)	-0.56%
Expenditures	86,327,758	86,627,948	300,190	+0.35%
Certificated Salaries	31,339,271	31,239,763	(99,508)	-0.32%
Classified Salaries	13,830,217	13,796,883	(33,334)	-0.24%
Employee Benefits	23,672,418	23,912,352	239,934	+1.01%
Books and Supplies	2,315,127	2,385,626	70,499	+3.05%
Services and Operating Exp	14,770,904	14,901,002	130,098	+0.88%
Other Outgo	326,428	326,428	–	–
Net Transfers from/to Other Funds	(793,001)	(795,000)	(1,999)	+0.25%
Net Inc (Dec) in Fund Balance	**(234,382)**	**(624,407)**		

General Fund Revenue

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Property Taxes

TABLE 2
Comparison of Major Ongoing Property Tax Components

	2025-26	2026-27	Difference
Secured Tax Roll	64,502,354	67,235,339	2,732,985
Unsecured Tax Roll	3,454,108	3,454,108	-
RDA Pass-Thru	3,157,000	3,157,000	-
RDA Residual	1,408,000	1,408,000	-
COE Property Tax Transfers	1,401,372	1,893,033	491,631

Key Assumptions: The secured tax roll will increase by 4.5%, and the COE tax transfer will increase as projected by SCCOE. All other property tax component are assumed to remain the same.

NOTE: Property taxes make up 87% of General Fund revenue.

Federal Revenue

TABLE 3
Comparison of Major General Fund Federal Revenue

	2025-26	2026-27	Difference
Perkins CTE	35,423	35,000	(423)
Title II, Part A	36,313	-	(36,313)
Special Education Funding	686,406	686,406	-
All Other Federal Revenue	110,000	114,650	4,650

Key Assumptions: Federal grants for CTE and special education will continue per grant notification letters, but Title II will not be funded.

NOTE: Federal revenue makes up 1% of General Fund revenue.

ADA Projection

TABLE 4
Actual and Projected Enrollment and Average Daily Attendance

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Enrollment	3,183	3,084	3,011	2,937	2,918	2,932
Avg Daily Attendance (ADA)*	3,019	2,912	2,876	2,787	2,769	2,783

*Average Daily Attendance is the average number of students present in District schools each day, and it is the primary factor in determining the size of per pupil allocations to districts.

State Revenue



Local Revenue

TABLE 5
Comparison of Major General Fund Local Revenue

	2025-26	2026-27	Difference
Parcel Tax	2,570,554	2,570,554	-
Leases and Rentals	226,875	4,500	(222,375)
Interest	485,000	300,000	(185,000)
Other Local Revenue	1,205,497	1,124,722	(80,775)

Key Assumptions: Parcel tax will be adjusted for inflation and roll changes at First Interim; SCO and ASB contributions will be the same as in 25-26

NOTE: Non-property tax local revenue makes up about 5% of General Fund revenue.

General Fund Expenditures

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Planning Factors

TABLE 6
Planning Factors for the 2026-27 Adopted Budget and Multiyear Projection

NOTE: Step, Column, & Longevity costs are net of attrition but do not include retirements or position reductions.

	2025-26	2026-27	2027-28	2028-29
STRS Employer Contribution	19.10%	19.10%	19.10%	19.10%
PERS Employer Contribution	26.81%	26.40%	26.80%	25.90%
State Disability (OASDI)	6.20%	6.20%	6.20%	6.20%
Medicare Employer Contribution	1.45%	1.45%	1.45%	1.45%
Unemployment Insurance	0.05%	0.05%	0.05%	0.05%
Workers' Compensation	1.5506%	1.5506%	1.5506%	1.5506%
Certificated Step & Column	actuals	1.25%	1.25%	1.25%
Classified Step & Longevity	actuals	2%	2%	2%
Health & Welfare Benefit Increase	actuals	9%	9%	9%
COLA on State Programs	2.30%	2.41%	3.06%	3.34%
California CPI	3.09%	3.08%	2.75%	2.68%
Student Enrollment	3,011	2,973	2,918	2,932

Staffing

TABLE 7
Comparison of Authorized Full-Time Equivalent (FTE) Staffing

NOTE: Employee salary and benefit costs make up 82.2% of budgeted expenditures.

	2025-26	2026-27	Difference
Certificated, LGHS	106.1	106.3	+0.200
Certificated, SHS	67.0	65.0	-2.000
Certificated, District Programs	6.2	5.4	-0.800
Classified, LGHS	55.375	55.375	+0.000
Classified, SHS	47.063	45.688	-1.375
Classified, District Programs	20.063	25.965	+5.902
Admin/Mgmt/Supv/Conf	26.0	29.5	+3.500
TOTAL	327.801	333.228	+5.427

Non-Personnel Costs

NOTE: Non-personnel costs make up about 18% of the General Fund expenditures.

School Site Allocations: Site discretionary budgets are provided on a per pupil basis. COLA is applied annually to the per pupil factor. Separate block allocation for specific programs and services (i.e., graduation) was also increased by COLA.

Contract Services: Projected contract service costs decreased significantly, largely due to moving positions from contractors to employees, as well as some one-time expenses not continuing; NPS tuition, software licensing, and per-unit utility rates continue to increase faster than revenue growth.

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Reserves

Ending Balances and the Multiyear Projection

General Fund MYP

TABLE 8
Multi-Year Projections for the General Fund, Combined Restricted and Unrestricted

NOTE: Salaries are settled for DTA but not settled for CSEA for 2026-27

	2025-26	2026-27	2027-28	2028-29
General Fund Revenue	86,798,541	88,486,196	91,465,463	94,736,635
LCFF/Property Taxes Revenue	71,714,220	74,938,866	77,958,063	81,119,805
All Other Revenue	15,084,322	13,547,330	13,507,400	13,616,830
General Fund Expenditures	86,627,948	88,643,547	90,779,224	93,008,008
Salaries/Benefits	68,948,998	72,897,756	74,671,583	76,476,336
All Other Expenditures	17,678,951	15,745,791	16,107,641	16,531,672
Net Transfers from/to Other Funds	(795,000)	(161,544)	(161,544)	(161,544)
Transfers In (from Fund 20 and 40)	270,000	567,770	567,770	567,770
Transfers Out (to Funds 13 and 14)	1,065,000	729,314	729,314	729,314
Net Increase (Decrease) in Fund Balance	(624,407)	(318,894)	524,695	1,567,082
	2025-26	2026-27	2027-28	2028-29

Reserve Projection

TABLE 9
Summary of Available Reserves

NOTE: Salaries are settled for DTA but not settled for CSEA for 2026-27

	Available Reserves — Fund 01 (Unrestricted) and Fund 17			
	2025-26	2026-27	2027-28	2028-29
Unassigned Unrestricted Reserve (Fund 01)	6,308,276	6,227,045	6,830,721	8,469,380
Reserve for Economic Uncertainty (Fund 17)	3,684,078	3,744,078	3,804,078	3,864,078
Total Available Reserve (Funds 01 & 17)	**9,992,354**	**9,971,123**	**10,634,799**	**12,333,458**
Reserve Percentage	11.39%	11.16%	11.62%	13.16%

Cash Flow

LGSUHSD receives the bulk of its funding from property taxes, which are transmitted by the county controller-treasurer in two payments, one in December and one in April. Expenses, particularly the costs of salaries and benefits, are more evenly distributed throughout the school year. This imbalance between scheduled revenues and expenses creates cash flow pressures in the first half of the school year.

The District projects that its reserve balances alone will be insufficient to meet cash flow needs through 2026-27. It will be necessary to issue Tax Revenue Anticipation Notes (TRANs) this year.

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Other Funds

Summary of Activity and Interactions with the General Fund

Ending Balances

TABLE 10
Projected Ending Fund Balances as at Year End

NOTES: (1) The District does not adopt a budget for the Student Activity Fund, but the most recent ending fund balance is included to maintain accounting continuity.

(2) The budget in the Building Fund is amended when projects are approved.

(3) The the county controller-treasurer controls the Bond Redemption Fund.

Fund		Balance 6/30/26	Balance 6/30/27	Change
08	Student Activity[1]	1,441,397	1,441,397	–
13	Cafeteria	17,631	21,477	3,846
14	Deferred Maintenance	193,305	254,619	61,314
17	Special Reserve (Non-Capital Outlay)	3,684,078	3,744,078	60,000
20	Postemployment Benefits	1,002,547	757,547	(270,000)
21	Building[2]	2,786,847	2,786,847	–
25	Capital Facilities	970,290	1,160,290	190,000
40	Special Reserve (Capital Outlay)	14,047,513	14,154,743	107,230
51	Bond Redemption[3]	7,955,576	11,644,900	3,689,324
73	Foundation Trust	481,050	491,050	10,000

Fund Interactions

TABLE 10
Projected Ending Fund Balances as at Year End

Projected Transfers:

TO General Fund:
Fund 20: $270,000
Fund 40: $297,770

FROM General Fund:
Fund 13: $275,000
Fund 14: $454,314

Fund		Balance 6/30/26	Balance 6/30/27	Change
08	Student Activity[1]	1,441,397	1,441,397	–
13	Cafeteria	17,631	21,477	3,846
14	Deferred Maintenance	193,305	254,619	61,314
17	Special Reserve (Non-Capital Outlay)	3,684,078	3,744,078	60,000
20	Postemployment Benefits	1,002,547	757,547	(270,000)
21	Building[2]	2,786,847	2,786,847	–
25	Capital Facilities	970,290	1,160,290	190,000
40	Special Reserve (Capital Outlay)	14,047,513	14,154,743	107,230
51	Bond Redemption[3]	7,955,576	11,644,900	3,689,324
73	Foundation Trust	481,050	491,050	10,000

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Conclusion

Staff Recommendation

Fiscal Goals

By the end of 2027-28:

1. End deficit spending
2. Restore the reserve to the 10% in all years of the multi-year projection
3. Satisfy the Current Expense of Education requirement

While doing these three things: Continue to pay annual negotiated raises

Looking Ahead

Next Board Meeting (June 11):
Budget and LCAP approval
CSEA tentative agreement and AB 1200 disclosure

Summer:
State budget and trailer bill adoption

August:
45-day budget revision (if necessary)

September:
2025-26 Unaudited Actuals
Current Expense of Education progress update

Recommendation

Los Gatos-Saratoga Union High School District will be able to meet its financial obligations during the 2026-27 budget year and for at least two subsequent years, has met its reserve requirements, can satisfy its cash flow needs through internal interfund and short-term borrowing, and has developed a budget that sufficiently supports the goals and actions of the Local Control and Accountability Plan (LCAP).

It is recommended that the Board adopt the 2026-27 fiscal year budget presented here and in the attached documents.

Adopted Budget Report 2026-27

