

Research Update:

Los Gatos-Saratoga Joint Union High School District, CA 2026-2027 TRANs Assigned 'SP-1+' Short-Term Rating

June 25, 2026

Overview

- S&P Global Ratings assigned its 'SP-1+' short-term rating to Los Gatos-Saratoga Joint Union High School District, California's approximately \$13 million 2026-2027 tax and revenue anticipation notes (TRANs).

Rationale

Security

The TRANs are payable from taxes, income, revenue, cash receipts, and other money received by the district attributable to fiscal 2027. The district will use proceeds to manage uneven receipts, disbursements, and cash holdings during the fiscal year. The TRANs mature June 30, 2027.

Credit highlights

We view the district's cash-flow projections as consistent with the 'SP-1+' short-term rating.

Los Gatos-Saratoga Union School District is an affluent, primarily residential district in Santa Clara County whose stability and extremely strong property values have consistently generated significant property tax revenue, supporting the district's basic aid status. Following a minor deficit in fiscal 2025, the district is projecting balanced general fund results for fiscal 2026. In addition, its fiscal 2027 general fund budget and current cash-flow projections largely reflect near-balance between receipts and disbursements. The district's general fund receipts are projected to be 2.3% higher than the prior year's figures, driven by growth in the district's main revenue source, property taxes, signaling continued economic activity.

The district's general fund reserves and its alternative liquidity available over the 12-month cash-flow period are projected to start the year at \$19 million, or 25% of revenue.

(For more information on our view of Los-Gatos Saratoga Unified High School District's long-term credit profile, see our [analysis](#), Feb. 4, 2026, on RatingsDirect.)

The rating reflects our view of the district's TRANs:

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- Very strong projected coverage of approximately 1.42x at maturity;
- Very strong projected coverage of approximately 2.6x when including the district's funds 14, 17, 20, and 40, which we consider alternative liquidity at maturity; and
- Strong reliability of funding sources, including revenue from property taxes, which accounts for more than 80% of total revenues.

Environmental, social, and governance

The district operates in a region that has elevated exposure to various acute physical risks, including wildfires, extreme heat, and earthquakes, and natural capital risks from persistent drought conditions and water supply stress, that could negatively affect its underlying economic base or influence demographic trends. However, we believe California's strong building codes serve to substantially mitigate the risk of material tax base effects associated with seismic activity. In addition, California has implemented water preservation initiatives, such as the Sustainable Groundwater Management Act and Senate Bill 200, that help mitigate the local economy's elevated exposure to drought by providing a framework for groundwater management and financial assistance to upgrade ground wells and filtration systems. We view the district's social and governance factors as neutral within our credit rating analysis.

Ratings List

New Issue Ratings

US\$13,105,000 Los Gatos-Saratoga Union High School District, (Santa Clara and Santa Cruz Counties, California), 2026-27 Tax & Revenue Anticipation Notes, dated: Date of Delivery, due: June 30, 2027

Short Term Rating	SP-1+
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New Rating

Local Government

Los Gatos-Saratoga Joint Union High School District, CA 2026-27 TRAN Cash Flow Notes due 6/30/2027	SP-1+
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The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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Los Gatos-Saratoga Joint Union High School District, CA 2026-2027 TRANs Assigned 'SP-1+' Short-Term Rating

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