



Excellence and Equity in Education

Nancy Magee - County Superintendent of Schools

September 11, 2025

April Northrup
President, Governing Board
Belmont-Redwood Shores Elementary School District
2960 Hallmark Drive
Belmont, CA 94002

RE: Local Control and Accountability Plan and Adopted Budget – Fiscal Year 2025-26

Dear Board President Northrup:

The San Mateo County Office of Education (SMCOE) has completed its review of Belmont-Redwood Shores Elementary School District's Local Control and Accountability Plan (LCAP) and Adopted Budget for the 2025-26 fiscal year pursuant to Education Codes 42127 and 52070.

A. LOCAL CONTROL ACCOUNTABILITY PLAN (LCAP)

The County Superintendent is required to approve the District's LCAP if it is determined that the following criteria have been met:

- The LCAP adheres to the template adopted by the State Board of Education (*EC 52064*)
- The budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP
- The LCAP adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated pupils (*EC 42238.02* and *42238.03*)
- The LCAP includes the required calculations to determine whether there is a carryover requirement, and if applicable, includes a description of the planned uses of the specific funds and a description of how the planned uses are to be considered as contributing towards meeting the increased or improved services requirement $\{(EC\ 52070(d)(4))\}$

The San Mateo County Superintendent of Schools has approved your Local Control Accountability Plan for the 2025-26 school year, pursuant to Education Code (EC) Section 52070.5(d). California Education Code requires the County Superintendent to review and approve the LCAP prior to the approval of the LEA's adopted budget per EC Section 42127(2). Your board approved LCAP will be posted on the SMCOE website.

B. ADOPTED BUDGET

In accordance with Education Code Section 42127, the County Superintendent of Schools has examined the Adopted Budget of Belmont-Redwood Shores Elementary School District (the District) for fiscal year 2025-26 to determine if it complies with the criteria and standards adopted by the State Board of Education, allows the District to meet its financial obligations during the fiscal year, and is consistent with a financial plan that will allow the District to meet its multi-year financial commitments.

The County Office's review and analysis confirms that the 2025-26 Budget, adopted by the Governing Board on June 12, 2025, meets the requirements outlined in Education Code 42127(c).

The San Mateo County Office of Education **approves** Belmont-Redwood Shores Elementary School District's 2025-26 Adopted Budget with the following comments:

The 2025-26 Adopted Budget projects a \$5.3 million decrease in the General Fund Balance. Deficit spending has increased by \$494,000 compared to 2024-25 Estimated Actuals. Total revenues rose \$1.9 million, driven by a 3.6% gain in secured property taxes. Federal revenues grew 22% from added special education entitlements. All other revenue sources remain flat. Total expenditures increased \$2 million in the budget year. Salaries and benefits rose \$5 million due to higher PERS/STRS rates, rising health and welfare costs, and conversion of professional services to salaried positions. Books, supplies, and contracted services fell \$2.3 million from reduced non-classroom supplies and the forementioned professional services staffing shifts.

RESERVES

The state-recommended minimum reserve for Belmont-Redwood Shores Elementary School District is 3% of total General Fund expenditures. The District is projecting approximately \$5.1 million in available reserves or 7.41% of the total General Fund expenditures for 2025-26.

Per District Resolution 2021-22 #24, \$10 million was reserved to meet pension obligations. In the current budget year, 2025-26, the pension commitment has decreased to \$6 million.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to increase to 17.98% in 2026-27 and decrease to 15.27% 2027-28.

Total revenues are projected to increase by \$1.3 million in 2026-27 and \$1.75 million in 2027-28. In both outyears, property tax revenues are expected to grow by approximately 3.5% averaging \$1.7 million annually. All other revenue sources remain relatively flat except for local revenues in 2026-27 which decline by \$490,000 due to the elimination of local grants and donations.

Total expenditures are projected to increase by \$1.1 million in 2026-27 and \$1.4 million in 2027-28 primarily due to increased salary and benefit costs. Salaries reflect a 4% cost-of-living adjustment (COLA) in both years along with step and column increases. Benefit costs have been

updated based on projected increases in pension contributions and health insurance premiums. Contracted services are expected to decrease by an average of \$640,000 annually as the District aims to reduce reliance on professional services.

DEFICIT SPENDING

The multi-year projections indicate operating deficits in the Unrestricted General Fund with a projected \$5.8 million deficit in the current budget year followed by deficits of \$2.7 million in 2026-27 and \$1.8 million in 2027-28.

The County Office advises the District to closely monitor the budget and assess opportunities for revenue enhancements or budget reductions to eliminate deficit spending.

CASH FLOW

The District submitted a two-year cash flow projection showing positive cash balances for each month of the 2025-26 and 2026-27 fiscal years. The estimated cash balances by the close of the 2025-26 and 2026-27 fiscal years are approximately \$23 million and \$17.2 million respectively.

OTHER FUNDS

The District maintains a positive balance across all other funds.

Building Fund (Fund 21): There is a \$57 million increase in revenues due to sales of bonds..

There are no other significant changes in other District funds from 2024-25 Estimated Actuals to 2025-26 Adopted Budget.

SALARY NEGOTIATIONS

The District has not settled negotiations with any bargaining units for the 2025-26 fiscal year.

In accordance with Government Code 3547.5 and Assembly Bill 2756, the District must provide the County Office of Education with an analysis of cost and impact on operating budget of any proposed salary settlement. The District is also required to submit the following documents reflecting the fiscal impact:

- 1) Disclosure of Collective Bargaining Agreement ten (10) days before the Governing Board acts on any tentative collective bargaining agreement (requires the signatures of the Superintendent and the Chief Business Official).
- 2) Multi-year spreadsheet reflecting the current and two subsequent fiscal years.
- 3) Budget revisions (if necessary, must be posted to the financial system prior to processing a salary settlement on the payroll system).

The County Superintendent of Schools recommends the District conduct a careful and thorough pre-settlement analysis of any proposed collective bargaining agreement. Multi-year proposals

require diligent review to ensure the District can sustain related costs and avoid the risk of insolvency.

We commend the work done by the Board and district staff to develop this year's LCAP and Budget. Please contact us if you have any questions about our review of your district's 2025-26 LCAP or Budget.

Sincerely,



Kevin J. Bultema
Deputy Superintendent, Business Services
kbultema@smcoe.org
650-802-5511



Marco Chavez
Deputy Superintendent, Educational Services
mchavez@smcoe.org
650-802-5311

Enclosures

- c: Dan Deguara, Superintendent, Belmont-Redwood Shores ESD
Reece Matsumoto, Chief Business Official, Belmont-Redwood Shores ESD
Ching-Pei-Hu, Director, Educational Services, Belmont-Redwood Shores ESD
Nancy Magee, County Superintendent of Schools, SMCOE
Joy Dardanelle, Executive Director, District Improvement and Support, SMCOE
Dhanya Unni, Executive Director, District Business Services, SMCOE