



**Excellence and Equity in Education**

Nancy Magee - County Superintendent of Schools

September 11, 2025

Allison Collins  
President, Governing Board  
La Honda-Pescadero Unified School District  
360 Butano Cutoff  
Pescadero, CA 94060-0189

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

Dear Board President Collins:

The San Mateo County Office of Education (SMCOE) has completed its review of La Honda-Pescadero Unified 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 La Honda-Pescadero Unified 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 26, 2025, meets the requirements outlined in Education Code 42127(c).**

The San Mateo County Office of Education **approves** the La Honda-Pescadero Unified School District's 2025-26 Adopted Budget with the following comments:

The 2025-26 Adopted Budget shows a \$138,000 decrease in the General Fund Balance. Deficit spending decreased by \$33,000 compared to 2024-25 Estimated Actuals.

Total revenues are projected to decrease \$410,000 due to the removal of one-time funds for State and Local revenue. Secured property taxes are projected to grow by 3.5%.

Total expenditures are projected to decrease by \$456,000. Salaries and benefits expenditures increased by \$204,000 to reflect step and column adjustments and longevity increases. All other operating expenditures reflect a \$661,000 decrease due to the removal of one-time funds.

### **RESERVES**

The state-recommended minimum reserve for La Honda-Pescadero Unified School District is 5% of total General Fund expenditures. The District projects \$929,000 in available reserves or 11.20% of the total General Fund expenditures for 2025-26 including \$415,000 allocated for economic uncertainties. This includes the Special Reserve Fund (Fund 17).

### **MULTI-YEAR PROJECTIONS (MYP)**

Reserves are projected to decrease to 10.84% in 2026-27 and 10.07% in 2027-28.

Total revenues are projected to decrease \$769,000 in 2026-27 and \$126,000 in 2027-28. Property taxes are projected to increase an average of 2.8% over the next two years. Federal revenue is projected to remain flat. One-time state and local revenue is removed from projections in 2026-27. Local revenue shows a decrease of \$266,000 in 2027-28 to reflect the expiration of Measure M Parcel Tax.

Total expenditures are expected to decrease \$572,000 in 2026-27 and \$59,000 in 2027-28. Salaries and benefits are projected to decrease by \$604,000 in 2026-27 and \$74,000 in 2027-28 to reflect the reduction in staff due to attrition and removal of positions funded with one-time or expiring funds. All other operating costs are budgeted relatively flat and adjusted to reflect removal of one-time funding and estimated increases in fuel/energy costs.

## **DEFICIT SPENDING**

The multi-year projections indicate deficit spending in the Unrestricted General Fund in the current fiscal year by \$491,000 followed by deficits of \$91,000 in 2026-27 and \$66,000 in 2027-28.

The County Office recommends the District closely monitor the budget and review to determine revenue enhancements and/or reductions to eliminate deficit spending.

## **CASH FLOW**

The District submitted a two-year cash flow projection for 2025-26 and 2026-27 showing positive ending cash balances each month for both fiscal years. The projected year-end cash balances are \$3 million in 2025-26 and \$2.7 million in 2026-27.

## **OTHER FUNDS**

The District maintains positive fund balances across all other funds. There are no 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 the certificated and classified bargaining units for the current 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 the operating budget of the proposed salary settlement. The District is also required to submit the following documents reflecting the financial 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 recommends the District conduct a thorough pre-settlement analysis of any proposed collective bargaining agreement especially for multi-year contracts to make sure 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,



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Enclosures

- c: Michelle Ross, Superintendent, La Honda-Pescadero Unified School District  
Erica Hays, Chief Business Official, La Honda-Pescadero Unified School District  
Nancy Magee, County Superintendent of Schools, SMCOE  
Joy Dardenelle, Executive Director, District Improvement & Support, SMCOE  
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