



Excellence and Equity in Education

Nancy Magee - County Superintendent of Schools

September 11, 2025

Sherwin Chen
President, Governing Board
Menlo Park City School District
181 Encinal Avenue
Atherton, CA 94027-3102

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

Dear Board President Chen:

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

A. LOCAL CONTROL ACCOUNTABILITY PLAN

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 Menlo Park City School District (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 confirm that the 2025-26 Budget, adopted by the Governing Board on June 06, 2025 meets the requirements outlined in Education Code 42127(c).

The San Mateo County Office of Education **approves** Menlo Park City School District's 2025-26 Adopted Budget with the following comments:

The 2025-26 Adopted Budget projects a \$245,000 decrease in the General Fund Balance. Deficit spending is reduced by \$1.1 million compared to 2024-25 Estimated Actuals. Revenues are projected to rise \$1.4 million driven by property tax growth. Total expenditures are expected to increase by \$265,000. Salary and benefit expenditures are expected to grow by \$1.2 million due to step and column increases, one-time vacancy add-backs and increases to health and welfare costs. Operating costs including supplies, services, and capital outlay are projected to decrease by \$940,000 as carryover and one-time expenditures are removed.

RESERVES

The state-recommended minimum reserve for Menlo Park City School District is 3% of total General Fund expenditures. The District is projecting approximately \$12.7 million in available reserves or 16.37% of the total General Fund expenditures for 2025-26.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to increase to 17.58% in 2025-26 and 18.23% 2026-27.

The District anticipates total revenues to increase by an average of 2.5% or \$1.9 million over the next two fiscal years primarily driven by projected increases in property tax revenues. Minor adjustments have been made to other revenue sources.

Total expenditures are projected to increase by \$660,000 in 2026-27 and \$2.3 million in 2027-28. In 2026-27, positions funded by one-time grants have been removed. In 2027-28, books and supplies increase \$800,000 due to a textbook adoption. Both years include step and column salary growth and higher health and welfare costs along with Consumer Price Index (CPI) adjustments to all on-going expenditures.

CASH FLOW

The District submitted cash flow projections for 2025-26 and 2026-27 showing negative General Fund cash balances in the months of October and November of 2025. Negative cash balances will be covered with cash in other funds

The projected year-end cash balances are approximately \$13.2 million in 2024-26 and \$13.7 million in 2026-27.

The County Superintendent advises the district to review cash balances across all funds monthly to ensure they remain positive. The San Mateo County Controller's Office allows a negative balance in any fund only if the total district-wide cash balance is positive.

The District is reminded that the San Mateo County Controller's Office does not allow negative cash balances in any account at the end of the fiscal year.

OTHER FUNDS

The District maintains positive fund balances across all other funds. Below is a summary of funds with notable changes in the 2025-26 Adopted Budget.

Deferred Maintenance Fund (Fund 14): Expenditures decrease by 92% from 2024-25 to 2025-26 due to one-time expenditures removed in the budget year.

Building Fund (Fund 21): Expenditures increase by \$7.3 million compared to 2024-25 due to capital improvement projects and modernization projects funded with bond sales from 2024-25.

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,



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Enclosures

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