



Excellence and Equity in Education

Nancy Magee - County Superintendent of Schools

September 11, 2025

Tracy Park
President, Governing Board
San Carlos Elementary School District
1200 Industrial Road, Unit 9
San Carlos, CA 94070

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

Dear Board President Park:

The San Mateo County Office of Education (SMCOE) has completed its review of San Carlos 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 San Carlos 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** San Carlos Elementary School District's 2025-26 Adopted Budget with the following comments:

The 2025-26 Adopted Budget projects a \$959,000 decrease in the General Fund Balance. Deficit spending has decreased by \$1.4 million.

Total revenues are projected to decrease by \$911,000. Local Control Funding Formula (LCFF) revenue sources increased by \$835,000 due to higher funded average daily attendance (ADA) and cost-of-living adjustment. Federal, state, and local revenues decreased by approximately \$1.7 million mainly due to the elimination of one-time funds and prior year carryover.

Total expenditures are projected to increase by \$2.2 million. Salaries and benefits expenditures increased by approximately \$5.2 million due to salary negotiations, step and column adjustments, and an increase in PERS contributions. Books and supplies, other operating expenses, and capital outlay are projected to be reduced by \$3.3 million due to the removal of expenses associated with one-time funds and carryover.

The transfer from the Special Reserve for Post-Employment Benefits Fund (Fund 20) increased by \$3.3 million for funds set aside for salary negotiations.

RESERVES

The state-recommended minimum reserve for San Carlos Elementary School District is 3% of total General Fund expenditures. The District is projecting \$1.6 million in available reserves or 3% of the total General Fund expenditures for 2025-26.

The Special Reserve Fund (Fund 17) has an assigned fund balance of \$3.5 million which was not included in the calculation of total available reserves.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are projected to be maintained at 3% in 2026-27 and 2027-28.

Total revenues are projected to increase by \$1.4 million in 2026-27 and \$1.8 million in 2027-28. Local Control Funding Formula (LCFF) revenue sources are projected to increase \$1.1 million, or 3%, in each of the subsequent two years. Federal, state and local revenues are projected to remain flat. Transfers In from Fund 20 increased by \$270,000 in 2026-27 and \$610,000 in 2027-28.

Total expenditures are projected to increase \$1.2 million in 2026-27 and \$1.1 million in 2027-28. Salaries and benefits are expected to increase an average of \$1.2 million in the subsequent two years due to a 2% step and column adjustment and rising PERS pension rates. Books and supplies, services and other operating expenditures are expected to increase based on Consumer Price Index (CPI) in the subsequent years with no changes to Other Outgo.

The District projects a surplus of \$8,000 in the Unrestricted General Fund for the current year followed by surpluses of \$5,000 in 2026-27 and \$4,000 in 2027-28.

CASH FLOW

The District submitted cash flow projections for 2025-26 and 2026-27 showing positive ending cash balances each month for both years.

The projected cash balances are \$7 million in 2025-26 and \$6.2 million in 2026-27.

The County Superintendent recommends the District continue to implement best practices and regularly monitor its cash position to ensure payroll and other monthly obligations are met.

SALARY NEGOTIATIONS

At the time of budget adoption, the District has not settled negotiations with the certificated and classified bargaining units for 2025-26. Since then, an agreement has been reached with the certificated bargaining unit.

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 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 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.

OTHER FUNDS

The District maintains positive fund balances across all other funds.

Special Reserve for Post-Employment Benefits Fund (Fund 20) – The transfer to the General Fund increased by \$3.3 million for salary negotiations.

Enterprise Fund (Fund 63) – The District anticipates revenues from fee-based preschool programs increasing by \$697,000. Expenditures are increased by \$1 million primarily in salaries and benefits.

There are no significant changes in the other funds for the budget year compared to the 2024-25 Estimated Actuals.

CHARTER SCHOOL

The District is the authorizing agency for a charter school, San Carlos Charter Learning Center (SCCLC). As an authorizing agency, the District maintains fiscal oversight responsibilities particularly in the key areas of accounting, attendance reporting, budgeting and payroll.

The County Office received the Board Approval letter from the authorizing agency and concurs with the District's assessment of the charter school's 2025-26 Adopted Budget.

As an authorizing agency, the District must continue to closely monitor the charter school Local Control Accountability Plan and budget to ensure that sufficient funds are maintained to support all goals and actions included in the 2025-26 LCAP.

Should any circumstances arise related to the charter school that would negatively impact the financial condition of the District, please notify the County Office of Education as soon as possible.

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

Enclosures

- c: Dr. Jennifer Frentress, Superintendent, San Carlos ESD
Hans Barber, Assistant Superintendent, San Carlos ESD
Ralph Crame, Chief Financial Officer, San Carlos ESD
Nancy Magee, County Superintendent of Schools, SMCOE
Joy Dardenelle, Executive Director, District Improvement & Support, SMCOE
Dhanya Unni, Executive Director, District Business Services, SMCOE