



Excellence and Equity in Education

Nancy Magee - County Superintendent of Schools

September 11, 2025

Sathvik Nori
President, Governing Board
Sequoia Union High School District
480 James Avenue
Redwood City, CA 94062

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

Dear Board President Nori:

The San Mateo County Office of Education (SMCOE) has completed its review of Sequoia Union High 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 Sequoia Union High 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 18, 2025, meets the requirements outlined in Education Code 42127(c).

The San Mateo County Office of Education **approves** Sequoia Union High School District's 2025-26 Adopted Budget with the following comments:

The 2025-26 Adopted Budget shows a \$10.1 million decrease in the General Fund Balance. Compared to 2024-25 Estimated Actuals, deficit spending has decreased by \$8.4 million.

Total revenues are projected to increase by \$2.3 million driven by a \$9 million increase in property taxes. State and local revenues have been reduced by \$6.8 million to remove one-time funds and carry over revenues.

Total expenditures decreased \$5.7 million. Salary and benefit projections were revised by \$2.6 million to reflect actual staffing, vacancies, pay adjustments and revised health premiums. All other expenditures reflect a reduction of \$8.3 million from removal of one-time funds and prior year carryover.

RESERVES

The state-recommended minimum reserve for Sequoia Union High School District is 3% of total General Fund expenditures. The District is projecting approximately \$18.3 million in available reserves or 6.98% of the total General Fund expenditures for 2025-26.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to decrease to 5.42% in 2026-27 and increase to 5.60% in 2027-28.

Total revenues are projected to increase by an average of \$9.4 million in 2026-27 and 2027-28. Property taxes are expected to grow over \$9 million or 4.2% across both years. All other revenue sources remain relatively flat.

Total expenditures are projected to increase by \$3.3 million in 2026-27 and \$4.2 million in 2027-28 primarily due to salaries and benefits reflecting step and column adjustments along with higher pension and health and welfare costs. Ongoing expenditures are adjusted for inflation based on the Consumer Price Index (CPI). Adjustments for election costs are reflected in 2026-27.

DEFICIT SPENDING

The multi-year projections show an operating deficit of \$6.9 million in the Unrestricted General Fund for 2025-26 followed by a deficit of \$3.9 million in 2026-27 and a surplus of \$712,000 in 2027-28.

CASH FLOW

The District submitted a two-year cash flow projection showing a positive cash balance for every month for fiscal year 2025-26 and 2026-27. The projected ending cash balance is \$94.7 million in 2025-26 and \$99.4 million in 2026-27.

OTHER FUNDS

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

Building Fund (Fund 21) – Capital Outlay expenditures increased by \$14.4 million due to addition of new school construction projects on multiple school sites.

County School Facilities Fund (Fund 35) – Capital Outlay expenditures have been reduced by \$24.8 million. The District expects to utilize other funds for capital projects.

There are no material changes in the District's other funds compared to the 2024-25 Estimated Actuals.

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 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.

CHARTER SCHOOL

The District is the authorizing agency for three (3) charter schools:

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| 1. Summit Preparatory Charter High School (Summit) | 3. East Palo Alto Academy Charter School (EPAA) |
| 2. KIPP Esperanza High School | |

As the authorizing agency, the District maintains fiscal oversight responsibilities, particularly in the key areas of accounting, attendance reporting, budgeting, and payroll.

The COE has received the authorizing agency's Board Approval letters and concurs with Sequoia Union High School District's assessment of the Charters' 2025-26 Adopted Budget reports.

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

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,



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Enclosures

- c: Crystal Leach, Superintendent, Sequoia Union HSD
Christine Gong, Chief Business Officer, Administrative Services, Sequoia Union HSD
Elizabeth Chacon, Associate Superintendent, Educational Services, Sequoia Union HSD
Vinita Singh, Director of Business Services, Sequoia Union HSD
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