SAN MATEO COUNTY OFFICE OF EDUCATION
Excellence and Equity in Education
Marco A. Chávez • County Superintendent of Schools

September 15, 2026

Teri Chávez, President, Governing Board
San Mateo Union High School District
650 North Delaware St
San Mateo, CA, 94401-1732

RE: 2026-27 Adopted Budget

Dear Board President Chavez:

The San Mateo County Office of Education (SMCOE) has completed its review of San Mateo Union High School District's Local Control and Accountability Plan (LCAP) and Adopted Budget for the 2026-27 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 2026-27 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 Mateo Union High (the District) for fiscal year 2026-27 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 2026-27 Budget, adopted by the Governing Board on June 25, 2026, meets the requirements outlined in Education Code 42127(c).

The San Mateo County Office of Education **approves** San Mateo Union High School District's 2026-27 Adopted Budget with the following comments:

The 2026-27 Adopted Budget shows a decrease of $520,000 in the General Fund Balance. Compared to 2025-26 Estimated Actuals, deficit spending has decreased by $6.3 million.

Total revenues increased by $635,000. Property taxes are projected to increase by 3.5% or $7.9 million while federal and state revenues are projected to decrease by $3.1 million due to the removal of one-time funds. Local revenue decreased by 39.5% or $4.2 million as donations and grants are recognized upon receipt.

Total expenditures decreased by $5.2 million. Salaries and benefits expenditures increased by $7.2 million due to step and column adjustments, staffing adjustments, higher PERS pension rates, an anticipated 4% Cost-of-Living-Adjustment salary increase, and health and welfare costs. Books and supplies, other operating expenses, and capital outlay are projected to decrease by $12.7 million due to elimination of one-time funds.

RESERVES

The state-recommended minimum reserve for San Mateo Union High School District is 3.00% of total General Fund expenditures and Transfers Out. The District is projecting approximately $7.9 million in available reserves or 3.00% of the total General Fund expenditures for 2026-27.

The Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17) ending balance of $13.6 million is not included as part of the total reserve calculation.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are projected to remain constant at 3% in each of the outyears.

Total revenues are projected to increase by $7.1 million in 2027-28 and $7.6 million in 2028-29. Local Control Funding Formula (LCFF) revenues are projected to increase by 3.5% in each of the outyears. In 2027-28, the LCFF increase is partially offset by an 8.15% or $1.6 million decrease in other state revenues primarily due to the elimination of the Student Support and

Professional Development Discretionary Block Grant (SSPDBG). All other revenues are expected to remain relatively flat.

Total expenditures are projected to increase by $4 million in 2027-28 and $3.5 million in 2028-29. Salaries and benefits are projected to increase by $2.9 million in 2027-28 and $1.8 million in 2028-29 primarily due to a 1.25% step and column adjustment. The 2027-28 increase also reflects the elimination of the one-time salary payment included in 2026-27. Expenditures for books and supplies and capital outlay are expected to remain flat while services and other operating expenditures are projected to increase 5% annually.

DEFICIT SPENDING

The multi-year projections show an operating deficit of $929,000 in the Unrestricted General Fund for 2026-27 followed by surpluses of $3.4 million in 2027-28 and $7.1 million in 2028-29.

CASH FLOW

The District submitted a cash flow projection for 2026-27 showing negative cash balance in the month of November 2026-27 in the General Fund. Negative cash balances will be covered with cash in other funds. Additionally, the form was incomplete. The beginning balance was overstated by $8.6 million, and both the assets and liabilities sections were left blank preventing verification of reasonableness of the ending cash balance.

The projected year-end cash balance is approximately $66.1 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 2026-27 Adopted Budget.

Building Fund (Fund 21) – Local revenues have decreased by 40% or $8.6 million. The fair value of investments is not included. Additionally, expenditures for ongoing projects are not included and total expenditures have been reduced by 97.8% or $209.4 million. The 2025-26 Estimated Actuals show deficit spending of $86.8 million; however, the 2026-27 Adopted Budget shows an excess of $12.5 million in revenues over expenditures. The District budgets Fund 21 on a project basis rather than annually. The County Office anticipates adjusting the budget at the first interim based on board-approved projects.

There are no other significant changes in other District funds from the 2025-26 Estimated Actuals to the 2026-27 Adopted Budget report.

SALARY NEGOTIATIONS

The District has finalized salary negotiations, resulting in a 4% increase for Classified and Certificated bargaining units for the 2026-27 school year, which was included in the Adopted Budget.

CHARTER SCHOOL

The District is the authorizing agency for Design Tech 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 San Mateo Union High School District's assessment of the Charter's 2026-27 Adopted Budget Report.

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 2026-27.

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 2026-27 LCAP or Budget.

Sincerely,

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Enclosures

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Brian Simmons, Director of Curriculum and Assessment, San Mateo UHSD
Yancy Hawkins, Associate Superintendent and Chief Business Officer, San Mateo UHSD
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