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

September 15, 2026

Amy Koo, President, Governing Board
Sequoia Union High School District
480 James Ave
Redwood City, CA, 94062-1041

RE: 2026-27 Adopted Budget

Dear Board President Koo:

The San Mateo County Office of Education (SMCOE) has completed its review of Sequoia 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 Sequoia 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 17, 2026, meets the requirements outlined in Education Code 42127(c).

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

The 2026-27 Adopted Budget shows a $7.4 million net decrease in the General Fund Balance. Compared to 2025-26 Estimated Actuals, deficit spending has decreased by $5.5 million.

Total revenues increased by $300,000, driven by $8.2 million growth in property tax revenue. Declines of $7.9 million in state and local revenues offset the increase. The District eliminated budgeted site donations, grants, lease, and rental revenue from local revenues as these revenues are budgeted only when received. State revenues declined due to reduced one-time funding, including the Student Support Professional Grant (SSPG), Learning Recovery Emergency Block Grant (LREBG), and Career Technical Education (CTE).

Total expenditures decreased by $5 million. Employee benefits increased by $1.5 million due to higher medical reimbursement costs for retirees. Books and supplies decreased by $3.5 million following the removal of one-time carryover and locally funded expenditures. Contracted services decreased by $2.5 million due to lower election costs.

RESERVES

The state-recommended minimum reserve for Sequoia Union High School District is 3.00% of total General Fund expenditures and Transfers Out. The District is projecting approximately $16.8 in available reserves or 6.11% of the total General Fund expenditures for 2026-27.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to decrease to 5.58% in 2027-28 and increase to 7.14% in 2028-29.

Total revenues are projected to increase $11.3 million in 2027-28 and $10.6 million in 2028-29. Property tax revenues are expected to increase by an average of 4.5% or approximately $11 million annually. All other revenue sources remain flat.

Total Expenditures increase $4.9 million in 2027-28 and $4.7 million in 2028-29. Salary costs are projected to increase by 1.5% annually to account for step and column movement. Employee benefit costs are projected to increase by 3% annually to reflect rising health and welfare and pension costs. All other expenditures assume an annual Consumer Price Index (CPI) adjustment of approximately 1.6% for inflation.

DEFICIT SPENDING

The multi-year projections show an operating deficit of $6.3 million in the Unrestricted General Fund for 2026-27 followed by a deficit of $1.2 million in 2027-28 and a surplus of $4.7 in 2028-29.

CASH FLOW

The District submitted cash flow projections for 2026-27 and 2027-28 showing negative cash balances in the months of November, October in 2026-27 and November in 2027-28 in the General Fund. Negative cash balances will be covered with cash in other funds.

The projected year-end cash balances are approximately $58.3 million in 2026-27 and $57.4 million in 2027-28.

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) – Expenditures increased by $61.3 million due to various construction projects including modernization at various school site wings, restroom renovations, and gymnasium upgrades.

County School Facilities Fund (Fund 35) – Expenditures decreased by $13 million due completion of various mechanical and Heating Ventilation and Air Conditioning (HVAC) projects.

Special Reserve for Capital Outlay (Fund 40) – Expenditures decreased by $7.1 million due completion of various facility 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 not settled negotiations with the certificated and classified bargaining units for the current 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:

1. East Palo Alto Academy Charter School (EPAA)
2. Summit Preparatory Charter High School
3. 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' 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,





Kevin J. Bultema
Deputy Superintendent, Business Services
kbultema@smcoe.org
650-802-5511

Marco A. Chávez
San Mateo County Superintendent of Schools
mchavez@smcoe.org
650-802-5554

Enclosures

c: Crystal Leach, Superintendent, Sequoia Union High School District
Janea Marking, Assistant Superintendent, Administrative Services/
Chief Business Officer, Sequoia Union High School District
Dhanya Unni, Executive Director, District Business Services, SMCOE
Joy Dardenelle, Executive Director, District Improvement and Support, SMCOE