

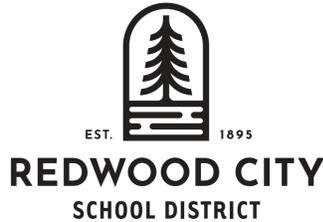
REDWOOD CITY SCHOOL DISTRICT

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Mission: RCSD creates a safe and supportive, inspirational and rigorous, joyful and inclusive environment for all learners

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September 3, 2025

Cory Vastola, Director of Finance
KIPP Public Schools Northern California
1000 Broadway Suite 460
Oakland, CA 94607

Subject: **Local Control Accountability Plans and Adopted Budget – Fiscal Year 2025-26**

Dear Mr. Vastola:

In accordance with Education Code Section 47604.32, Redwood City School District (District) has examined the Local Control Accountability Plans (LCAP) and the Adopted Budget of KIPP Excelencia Community Prep Charter School (KIPP) for fiscal year 2025-26 to determine if it complies with the Criteria and Standards adopted by the State Board of Education (SBE) and verify that the Adopted Budget includes expenditures necessary to implement the LCAP.

The District is also required to monitor the fiscal condition of the charter school and verify that the Adopted Budget and multi-year projections allow the charter school to meet its financial obligations for the current and subsequent fiscal years.

The District understands the challenges and difficulties in adopting a budget during these uncertain times. Many of the assumptions made during budget adoption may have been changed with the enactment of the State's 2025-26 budget.

Based on the review of the LCAP and 2025-26 Adopted budget report submitted by KIPP, the District provides the following comments to assist the charter school in updating its current year budget and preparing for First interim projections:

2025-26 LCAP & LCFF BUDGET OVERVIEW FOR PARENTS

KIPP has submitted its LCAP Goals, Actions, and Services for a 1-year period beginning 2025-26 using the template adopted by the State Board of Education which includes the Annual Updates for the 2024-25 LCAP. KIPP has also submitted the Local Control Funding Formula (LCFF) Budget Overview for Parents (BOP), which is a state-required tool to help parents and other stakeholders understand the charter school’s budget as it relates to the actions and services provided in their educational plans as reflected in the LCAP.

During the review of KIPP’s LCAP and BOP, the district noted multiple inconsistencies in the amounts reported compared to the 2025-26 Adopted Budget, as shown below:

	2025-26 Adopted Budget (Alternative Form)	Budget Overview for Parents	LCAP	FCMAT LCFF Calculator
Total General Fund Revenues	\$13,592,069	\$13,432,841	n/a	n/a
Total LCFF Revenues	\$10,324,552	\$10,220,958	n/a	\$10,329,916
LCFF Supp & Conc Grants Only	n/a	\$2,962,174	\$2,962,174	\$3,032,314
Percentage to Increase or Improve Services for UPP	n/a	n/a	40.344%	41.55%
State Revenues	\$2,616,687	\$2,611,640	n/a	n/a
Federal Revenues	\$414,601	\$421,240	n/a	n/a
Total General Fund Expenditures	\$14,330,119	\$14,299,320	n/a	n/a
Total Expenditures Tied to LCAP	n/a	\$11,967,134	\$11,967,134	n/a
Total General Fund Expenditures not included in LCAP	n/a	\$2,332,186	n/a	n/a

The Budget Overview for Parents (BOP) is a state-required report that is intended to help parents and other stakeholders understand the local educational agency’s budget as it relates to the actions and services provided in its LCAP. The BOP report is missing information of the expenditures not included in the LCAP which is required information for the report. Also, the BOP is not included with the LCAP posted on the school’s website. KIPP is urged to strictly follow the California Department of Education’s detailed instructions in the preparation of the BOP and make sure that all of the values shown on the Projected Revenue by Fund Source can be read and it is properly posted to the school’.

Considering the significant inconsistencies in the report, the District Superintendent recommends KIPP make the necessary corrections to the BOP report to reflect the accurate information in its 2025-26 Adopted Budget and LCAP. In addition, KIPP must also update the Increased or Improved Services for Foster Youth, English Language Learners and Low-Income Students section of the LCAP with the correct percentage and grant amount as reflected in the FCMAT LCFF calculator.

KIPP is reminded that the LCAP and BOP are required to be posted directly on the charter school’s homepage. To find it on KIPP’s website one has to select the “Parent Resources” link and then the “KIPP Public Funding & Accountability” link to find the “2025 Local Control Accountability Report.”

2025-26 ADOPTED BUDGET

General Fund Financial Report Summary

The 2024-25 Estimated Actuals projects an operating deficit of \$462,310 and the 2025-26 Adopted Budget projects an operating deficit of \$738,050 as shown below:

	General Fund – Unrestricted/Restricted	2024-25 Estimated Actuals	2025-26 Adopted Budget
A.	Revenues	\$13,330,117	\$13,592,069
B.	Expenditures	13,792,427	14,330,119
C.	Excess (Deficiency) of Expenditures over Revenues	<462,310>	<738,050>
D.	Other Sources/Uses and Transfers	0	0
E.	Total Increase (Decrease) in Fund Balance	<462,310>	<738,050>
F.	Ending Balance – Unrestricted/Restricted	\$5,430,162	\$4,692,112
G.	Ending Balance – Unrestricted only	\$4,640,871	\$4,089,296

Federal and Other State revenues in 2025-26 include approximately \$415,000 in Federal Categorical funding, \$54,000 of Prop 28 Arts & Music funding and approximately \$650,000 for Expanded Learning Opportunity Grant Program (ELO-P). KIPP's 2025-26 salary and benefits increased \$1.2 million over 2024-25. In addition to salary increases, KIPP's staffing increased by 2.23 FTE teachers between 2024-25 and 2025-26. Classified staffing increased by 4.55 FTE Supervisors/Administrators. The total 2024-25 Unrestricted General Fund ending balance of \$4,640,871 is 34% of the Unrestricted Total General Fund expenditures. The total 2025-26 Unrestricted General Fund ending balance of \$4,089,296 is 29% of the Unrestricted Total General Fund expenditures. KIPP is commended for maintaining a reserve level that exceeds the 5% minimum reserve for economic uncertainties required per the Memorandum of Agreement (MOU) with the District.

In preparation of the closing of 2024-25 books, KIPP is reminded to review carefully the conditions for receipt of state and federal grants and resources to ensure that revenues are not overstated.

Cash Flow Projections

KIPP submitted its cash flow projections for the 2025-26 and 2026-27 fiscal years. All receipt and disbursements equal the corresponding revenues and expenditures in the Adopted Budget. Projections for cash receipts and disbursements for both fiscal years are evenly spread over the 12-month periods. Cash flow projections show positive monthly ending cash balances for both the 2024-25 and 2025-26 fiscal years.

The District Superintendent urges the charter school to continue to implement best practices and monitor its cash position regularly to ensure payroll and other monthly obligations are met on a timely basis.

Multi-Year Projections (MYP)

The multi-year projection is one of the most important tools in determining the financial position of the school. Approximately 76 to 79% of the total revenues for KIPP are from Local Control Funding Formula (LCFF) sources. LCFF Revenues increase in all three forecast years due to increases in ADA.

The District noted that revenues reflected in the FCMAT LCFF Calculator do not match the Adopted Budget shown in the SACS Alternative Form, as shown below:

	2025-26	2026-27	2027-28
FCMAT LCFF Calculator Revenues	\$10,326,916	\$10,842,822	\$11,378,518
MYP per SACS Alternative Form	\$10,324,552	\$10,475,370	\$10,837,085

While KIPP's adopted budget appear to show a more conservative revenue projection in two of the three years, other planning tools such as cashflow projections could potentially be misstated. The District Superintendent recommends that KIPP submits its future financial reports to the District with LCFF revenues matching the supporting LCFF calculations using the latest version of the FCMAT calculator. Should there be a need to set aside funds for specific purposes, it is recommended that the amounts be reflected as an assignment or reserves in the Components of Ending Fund Balance section of the financial report, instead of reflecting lower revenues.

The LCFF-funded average daily attendance (ADA) for 2024-25 through the 2027-28 projection years are, as follows:

	2024-25	2025-26	2026-27	2027-28
Enrollment	711	714	724	733
LCFF-funded ADA	664.96	662.71	673.33	681.69
Increase (decrease) from prior year		<2.25>	10.62	8.36

KIPP's projected 2024-25 estimated actuals ADA is 664.96 with an enrollment of 711. KIPP's anticipated attendance rate is projected to be around 94% in 2024-25 and 93% in 2025-26 through 2027-28. KIPP has projected enrollments ranging between 711 students in 2024-25 increasing to 733 in 2027-28. KIPP serves students in grades TK-8.

The chart below summarizes the projected revenues, expenditures, and fund balances each year in the multi-year projections:

General Fund (Unrestricted/Restricted)	2025-26	2026-27	2027-28
Estimated Beginning Balance	\$5,430,162	\$4,692,112	\$4,022,404
Revenues & Other Financing Sources	13,592,069	13,420,685	13,703,454
Expenditures & Other Financing Uses	14,330,119	14,090,393	14,182,455
Net increase (Decrease)	<738,050>	<669,708>	<479,001>
Ending Fund Balance- Restricted/Unrestricted	\$4,692,112	\$4,022,404	\$3,543,403
Ending Fund Balance- Unrestricted Only	\$4,089,296	\$3,419,588	\$3,127,062
<i>Fund Balance as a % to Total Expenditures</i>	33%	29%	25%
<i>Fund Balance as a % to Unrestricted Expenditures</i>	29%	24%	22%

KIPP’s revenue forecast includes approximately \$415,000 per year in Federal Categorical program funding, \$55,000 per year in Prop 28 Arts & Music funding and \$650,000 per year in Other State Revenues for the Expanded Learning Opportunities Grant Program (ELO-P).

Operating deficits are projected for the General Fund for 2025-26, 2026-27 and 2027-28. The projected Unrestricted General Fund ending balance in 2025-26 is approximately 29% of the total expenditures and decreases to approximately 22% in the 2027-28 fiscal year

CONCLUSION

Based on the District’s review of the financial documents submitted and in consideration of the changes resulting from the enacted State budget, KIPP’s 2025-26 Adopted Budget and multi-year appear sufficient to meet the charter school’s financial obligations for the current and subsequent two fiscal years.

As public schools continue to experience the crisis situation resulting from the coronavirus pandemic, it is critical to stay vigilant of developments in the federal, state and local level that may impact the charter school budget. It is highly important to closely monitor the budget and prudently manage the charter school resources to maintain long-term fiscal solvency and stability.

The District appreciates the support and cooperation of KIPP’s administration and staff during the process.

If you have any questions regarding the District’s fiscal oversight or the contents of this letter, please do not hesitate to contact us.

Sincerely,

Rick Edson

John R. Baker

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Superintendent
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Sarah Sanchez, Associate Director of Operations, KIPP Excelencia
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