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

August 17, 2026

Frank Wu, Chief Financial Officer
KIPP Public Schools Northern California
1 Kaiser Plaza, Suite 550
Oakland, CA 94612

Subject: **Local Control Accountability Plans and Adopted Budget – Fiscal Year 2026-27**

Dear Mr. Wu:

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 2026-27 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 charter school's fiscal condition and verify that the Adopted Budget and multi-year projections enable 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 2026-27 budget.

Based on the review of the LCAP and 2026-27 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:

2026-27 LCAP & LCFF BUDGET OVERVIEW FOR PARENTS

KIPP has submitted its LCAP Goals, Actions, and Services for a 1-year period beginning 2026-27 using the template adopted by the State Board of Education, which includes the Annual Updates for the 2025-26 LCAP. KIPP has also submitted the Local Control Funding Formula (LCFF) Budget Overview for Parents (BOP), 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 2026-27 Adopted Budget, as shown below:

Description	**2026-27 Adopted Budget** (Alternative Form)	**Budget Overview for Parents**	**FCMAT LCFF Calculator**
Total General Fund Revenues	$14,704,831	$14,425,199	n/a
Total LCFF Revenues	$10,928,826	$10,882,175	$10,934,796
LCFF Supp & Conc Grants Only	n/a	$3,064,500	$3,154,976
Percentage to Increase or Improve Services for UPP	n/a	41.738%	40.55%
State Revenues	$3,056,270	$2,850,384	n/a
Federal Revenues	$438,664	$438,664	n/a
Total General Fund Expenditures	$14,885,104	$14,802,156	n/a
Total Expenditures Tied to LCAP	n/a	$12,336,306	n/a
Total General Fund Expenditures not included in LCAP	n/a	$2,465,850	n/a

There is a difference of $279,632 between the Alt Form and the BOP. The total expenditure also shows a difference of $82,948.

Considering the significant inconsistencies in the report, the District Superintendent recommends KIPP make the necessary corrections to the BOP report to reflect accurate information in its 2026-27 Adopted Budget and LCAP.

Also, KIPP is urged to strictly follow the California Department of Education's detailed instructions for preparing the BOP, ensure that all values are accurately reflected across the various reports, and post the approved LCAP plan and the BOP on the school's website.

The District appreciates that both the BOP and LCAP plans are posted on KIPP's website and available for public review.

2026-27 ADOPTED BUDGET

General Fund Financial Report Summary

The 2025-26 Estimated Actuals projects an operating deficit of $1,369,427, and the 2026-27 Adopted Budget projects an operating deficit of $180,272, as shown below:

	General Fund-Unrestricted/Restricted	2025-26 Estimated Actuals	2026-27 Adopted Budget
A.	Revenues	$13,505,789	$14,704,831
B.	Expenditures	14,875,217	14,885,104
C.	Excess (Deficiency) of Expenditures over Revenues	<1,369,427>	<180,272>
D.	Other Sources/Uses and Transfers	0	0
E.	Total Increase (Decrease) in Fund Balance	<1,369,427>	<180,272>
F.	Ending Fund Balance	$3,676,129	$3,495,857
G.	Reserve for Economic Uncertainties	$2,712,174	$2,742,169

The total available reserve for economic uncertainties for 2025-26 is $2,712,174, or 18% of the General Fund expenditures. The 2026-27 General Fund ending balance is $3,495,857, or 23% of the 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 for the closing of the 2025-26 books, KIPP is reminded to carefully review 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 2026-27 and 2027-28 fiscal years. Receipts and disbursements for both years equal their corresponding revenues and expenditures in the Adopted Budget. All fiscal years show positive monthly cash balances through the end of each fiscal year.

The District Superintendent urges the charter school to continue implementing best practices and to 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 for determining the school's financial position. Approximately 75% of KIPP's total revenues come from the Local Control Funding Formula (LCFF). 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:

	2026-27	2027-28	2028-29
FCMAT LCFF Calculator Revenues	$10,934,796	$11,497,446	$12,008,089
MYP per SACS Alternative Form	$10,928,826	$11,015,632	$11,378,919

The District Superintendent recommends that KIPP submit its future financial reports to the District with LCFF revenues matching the supporting LCFF calculations. If there is 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.

The LCFF-funded average daily attendance (ADA) for 2025-26 through the 2028-29 projection years is as follows:

	2025-26	2026-27	2027-28	2028-29
Enrollment	704	721	729	738
LCFF-funded ADA	662.40	667.72	677.97	686.35
Increase (decrease) from prior year		5.32	10.25	8.38

KIPP's 2025-26 estimated actuals ADA is 662.40 with an enrollment of 704. KIPP's anticipated attendance rate is projected to be around 94% in 2026-27 and 93% in 2027-28, remaining at that level through 2028-29. KIPP has projected enrollments ranging from 721 students in 2026-27 to 738 in 2028-29. 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)	**2026-27**	**2027-28**	**2028-29**
Estimated Beginning Balance	$3,676,129	$3,495,857	$3,134,376
Revenues & Other Financing Sources	14,704,831	14,364,649	14,098,246
Expenditures & Other Financing Uses	14,885,104	14,726,130	14,699,546
Net increase (Decrease)	<180,272>	<361,481>	<601,300>
Ending Fund Balance	$3,495,857	$3,134,376	$2,533,076
Reserve for Economic Uncertainties	$2,742,169	$2,590,956	$2,199,924
Fund Balance as a % of Total Expenditures	*23.49%*	*21.28%*	*17.23%*

Even the General Fund ending balance meets the 5% MOU-required reserve for uncertainties. KIPP projects to operate at a deficit for the next three fiscal years. In 2026-27, the fund balance as a % of expenditures will be 23%; it will decrease to approximately 21% in 2027-28 and 17% in 2028-29.

CONCLUSION

Based on the District's review of the financial documents submitted, KIPP's 2026-27 Adopted Budget and multi-year projections appear sufficient to meet the charter school's financial obligations for the current and subsequent two fiscal years, but it is recommended to closely monitor the budget and expenditures and prudently manage 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   Dr. Christian J. Rubalcaba

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Audit trail

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