



Excellence and Equity in Education

Nancy Magee - County Superintendent of Schools

September 11, 2025

Kim Oliff
President, Governing Board
Hillsborough City School District
300 El Cerrito Avenue
Hillsborough, CA 94010-6818

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

Dear Board President Oliff:

The San Mateo County Office of Education (SMCOE) has completed its review of the Hillsborough City 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 Hillsborough City 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 17, 2025, meets the requirements outlined in Education Code 42127(c).

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

The 2025-26 Adopted Budget shows a \$778,000 increase in the General Fund Balance. Compared to 2024-25 Estimated Actuals, the fund balance has increased by \$730,000. Total revenues increased by \$835,000 driven by a 4.5% increase in secured property taxes. All other revenues had minor declines. Total expenditures remain relatively flat. Anticipated 2.25% salary increases across all bargaining units are offset with savings through attrition, reductions of FTEs due to declining enrollment, and decreases to conference and contract services budgets.

RESERVES

The state-recommended minimum reserve for Hillsborough City School District is 3% of total General Fund expenditures. The District is projecting approximately \$6.2 million in available reserves or 15.06 % of the total General Fund expenditures for 2025-26. This includes the Special Reserve Fund (Fund 17).

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to increase to 19.35% in 2026-27 and 21.32% in 2027-28. This projection includes the Special Reserve Fund (Fund 17).

Total revenues are projected to increase by \$600,000 in 2026-27 and \$250,000 2027-28. Property taxes are expected to grow an average of 2.5% across both years. Local revenues decline approximately 3% in both outyears. All other revenue sources remain flat. Total Expenditures increase \$285,000 in 2026-27 and \$550,000 in 2027-28 mainly from step and column adjustments, higher benefit and pension costs, Special Education related services and new textbook adoption.

The District projects a surplus of approximately \$970,000 in the Unrestricted General Fund for the current year followed by surpluses of \$1.3 million in 2026-27 and \$940,000 in 2027-28.

CASH FLOW

The District submitted cash flow projections for 2025-26 and 2026-27 showing negative cash balances in the months of November for 2025 and 2026 in the General Fund. Negative cash balances will be covered with cash in other funds.

The projected year-end cash balances are approximately \$7.6 million in 2025-26 and \$9.6 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 a positive balance across all other funds. There are no other significant changes in other District funds from 2024-25 Estimated Actuals to 2025-26 Adopted Budget.

SALARY NEGOTIATIONS

The District has settled negotiations with all bargaining units for 2025-26 which was included in the 2025-26 Adopted Budget.

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: Ana de Arce, Superintendent, Hillsborough City School District
Mathew Lindner, Director of Educational Services, Hillsborough City School District
Joyce Shen, Chief Business Official, Hillsborough City School District
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Joy Dardenelle, Executive Director, District Improvement & Support, SMCOE
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