



**Excellence and Equity in Education**

Nancy Magee - County Superintendent of Schools

September 11, 2025

Maggie Musa  
President, Governing Board  
Millbrae Elementary School District  
555 Richmond Drive  
Millbrae, CA 94030

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

Dear Board President Musa:

The San Mateo County Office of Education (SMCOE) has completed its review of Millbrae Elementary School District's Local Control and Accountability Plan (LCAP) and Adopted Budget for the 2025-26 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 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 Millbrae Elementary 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** Millbrae Elementary School District's 2025-26 Adopted Budget with the following comments:

The 2025-26 Adopted Budget shows a \$1.8 million decrease in the General Fund Balance. Deficit spending increased by \$721,000 compared to 2024-25 Estimated Actuals.

Total revenues are expected to decrease by \$57,000. The Local Control Funding Formula (LCFF) revenue is projected to increase by \$904,000 or 3.6%. Federal, state and local revenues are expected to decrease by \$961,000 due to the expiration of various grants.

Total expenditures are projected to increase by \$569,000 primarily driven by the \$1 million increase in salaries and benefits. All other operating expenditures are projected to decrease \$436,000 due to the expiration of various grants.

### **RESERVES**

The state-recommended minimum reserve for Millbrae Elementary School District is 3% of total General Fund expenditures. The total available reserve in the General Fund for the 2025-26 fiscal year is approximately \$1.1 million meeting the 3% designated for economic uncertainties threshold. The Special Reserve Fund (Fund 17) has a balance of \$1 million and is not included in the calculation of total available reserves.

### **MULTI-YEAR PROJECTIONS (MYP)**

Reserves are projected to increase to 6% in 2026-27 and hold steady in 2027-28. The Special Reserve Fund (Fund 17) balance of \$1.1 million is included in the calculation of total available reserves in both outyears.

Total revenues are projected to increase \$198,000 in 2026-27 and \$976,000 in 2027-28. Local Control Funding Formula (LCFF) revenues are projected to increase an average of \$750,000 or 3% over both years. Federal and state revenues remain relatively flat. Local revenue is expected to decrease \$398,000 in 2026-27 due to further reductions in expiring grants and remain flat in 2027-28.

Total expenditures are projected to increase \$692,000 in 2026-27 and \$808,000 in 2027-28. Salaries and benefits reflect an annual 2% step and column adjustment for certificated and classified staff as well as rising employer contribution rate for CalPERS pension costs in both years. 2026-27 includes a reduction in certificated salaries due to the removal of one-time funding. All other operating expenditures are maintained at similar levels to 2025-26.

According to the P-2 certification, the district is in community-funded status but the district projects to be state-funded in the MYP.

### **DEFICIT SPENDING**

The multi-year projections show deficit spending in the Unrestricted General Fund in the current fiscal year by \$854,000 followed by deficits of \$1.6 million in 2026-27 and \$1.2 million in 2027-28.

The County Office recommends the District closely monitor the budget and review to determine revenue enhancements and/or budget reductions to eliminate deficit spending.

### **CASH FLOW**

The District submitted a two-year cash flow projection for 2025-26 and 2026-27 showing positive cash balances each month for both fiscal years. The projected ending cash balance at the close of each fiscal year is \$9.4 million and \$7.9 million, respectively.

The County Superintendent recommends the District continue to implement best practices and regularly monitor its cash position to ensure payroll and other monthly obligations are met.

### **OTHER FUNDS**

The District maintains a positive fund balances across all other funds.

Capital Facilities Fund (Fund 25) – Developer fees are projected to decrease by 85.6% or \$774,000, and capital outlay has been reduced by 57.8% or \$310,000.

Special Reserve Fund for Capital Outlay Projects (Fund 40) – The \$185,000 community redevelopment fund budget has been eliminated, interest revenue decreased by \$80,000, and consulting services adjusted accordingly.

There are no significant changes in other District funds from 2024-25 Estimated Actuals to 2025-26 Adopted Budget.

## **SALARY NEGOTIATIONS**

The District has not settled negotiations with the certificated and classified bargaining units for the current fiscal 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.

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,



Kevin J. Bultema  
Deputy Superintendent Business Services  
[kbultema@smcoe.org](mailto:kbultema@smcoe.org)  
650-802-5511



Marco Chavez  
Deputy Superintendent Educational Services  
[mchavez@smcoe.org](mailto:mchavez@smcoe.org)  
650-802-5311

Enclosures

- c: Lisa Hickey, Superintendent, Millbrae Elementary School District  
Mary Pollett, Chief Business Official, Millbrae Elementary School District  
Catherine Waslif, Director of Educational Services, Millbrae ESD  
Nancy Magee, County Superintendent of Schools, SMCOE  
Joy Dardenelle, Executive Director, District Improvement and Support, SMCOE  
Dhanya Unni, Executive Director, District Business Services, SMCOE