



Excellence and Equity in Education

Nancy Magee • County Superintendent of Schools

September 11, 2025

LaTisa M. Brooks
President, Governing Board
San Mateo-Foster City Elementary School District
1170 Chess Drive
Foster City, CA 94404

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

Dear Board President Brooks:

The San Mateo County Office of Education (SMCOE) has completed its review of San Mateo-Foster City 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 San Mateo-Foster City 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 26, 2025, meets the requirements outlined in Education Code 42127(c).

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

The 2025-26 Adopted Budget shows a \$10.5 million decrease in the General Fund Balance. Deficit spending has decreased by \$16.7 million compared to 2024-25 Estimated Actuals.

Total revenues are projected to increase by \$2.5 million driven by a \$5.4 million increase in property taxes and a \$2.3 million decrease in local revenue due to the exclusion of carryover of local grants and donations.

Total expenditures are projected to decrease by \$13.4 million. Certificated salaries decreased by \$1.9 million due to a combination of reductions in FTE as a result of a decrease in enrollment and a 3.5% negotiated salary increase. Classified salaries increased by \$1.7 million due to a negotiated salary increase. Books and supplies, services, and other operating expenditures are expected to decrease by \$14.8 million as carryover or one-time funding and donations are not included in the initial budget.

RESERVES

The state-recommended minimum reserve for San Mateo-Foster City Elementary School District is 3% of total General Fund expenditures. The District projects approximately \$12.9 million in available reserves or 6% of the total General Fund expenditures.

The Special Reserve Fund (Fund 17) has a fund balance of \$1 million and is not included in the calculation of total available reserves.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are projected to remain at 6% in 2026-27 and 2027-28.

Total revenues are expected to increase \$5.2 million in 2026-27 and \$7.8 million in 2027-28. Property tax revenues are expected to increase by an average of \$7.1 million or 4.6% in 2026-27 and 2027-28. Local revenue is projected to decrease \$1.9 million in 2026-27 due to the removal of prior year carryover and donations. All other revenue sources are projected to remain relatively flat in the outyears.

Total expenditures are expected to decrease by \$4.5 million in 2026-27 and increase \$2.2 million in 2027-28. In 2026-27, salaries and benefits are projected to increase by \$2 million or approximately 1% due to step and column and adjustments from projected FTE reductions. Books and supplies, services, and other operating expenditures are projected to decrease by \$6.5 million due to removing carryovers and one-time funding. In 2027-28, salaries and benefits are expected to increase \$1.2 million due to step and column increases and services are expected to increase by \$940,000 including \$500,000 for election costs.

DEFICIT SPENDING

The multi-year projections show a deficit of \$7.5 million in the Unrestricted General Fund for the current fiscal year followed by a deficit of \$448,000 in 2026-27. A surplus of \$5.1 million is estimated in 2027-28.

The County Office advises the District to closely monitor the budget and assess opportunities for revenue enhancements or budget reductions to eliminate deficit spending.

CASH FLOW

The District submitted cash flow projections for 2025-26 and 2026-27 showing positive cash balances each month. The projected ending cash balance by the close of 2025-26 and 2026-27 fiscal years are approximately \$53.7 million and \$53 million, respectively.

OTHER FUNDS

The District maintains positive fund balances for all funds except the Enterprise Fund (Fund 63). Fund 63's fund balance became negative in FY 2021-22 due to a one-time prior-year adjustment and has remained in a negative balance.

Child Development Fund (Fund 12) – Revenue increased by \$988,000 primarily in State Preschool funding. Expenditures increased by \$1.4 million in personnel costs and equipment.

Building Fund (Fund 21) – Expenditures decreased by \$79.4 million due to reductions in middle and elementary school facilities projects.

There are no significant changes in the other funds of the District compared to the 2024-25 Estimated Actuals.

SALARY NEGOTIATIONS

The District has settled negotiations with all bargaining units for 2025-26. The fiscal impact of these settlements are included in the 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

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