SAN MATEO COUNTY OFFICE OF EDUCATION
Excellence and Equity in Education
Marco A. Chávez • County Superintendent of Schools

September 15, 2026

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

RE: 2026-27 Adopted Budget

Dear Board President Oliff:

The San Mateo County Office of Education (SMCOE) has completed its review of Hillsborough City Elementary School District's Local Control and Accountability Plan (LCAP) and Adopted Budget for the 2026-27 fiscal year pursuant to Education Codes *42127* and *52070*.

A.

B. 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 2026-27 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 Elementary (the District) for fiscal year 2026-27 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 2026-27 Budget, adopted by the Governing Board on 6/16/2026, meets the requirements outlined in Education Code 42127(c).

The San Mateo County Office of Education **approves** Hillsborough City Elementary School District's 2026-27 Adopted Budget with the following comments:

The 2026-27 Adopted Budget shows a $1.9 million net increase in the General Fund Balance. Compared to 2025-26 Estimated Actuals, fund balance has increased by $305,000.

Total revenues increased by $788,000 primarily driven by property tax growth. State revenues have been adjusted to remove one-time funding.

Total expenditures increased by $516,000. Salaries and benefits decreased by approximately $400,000 due to reductions in full-time equivalent (FTE) positions resulting from declining enrollment. Books and supplies, services, and other operating expenditures increased by $882,000, primarily driven by one-time Chromebook purchases and increased costs for contracted substitute services.

RESERVES

The state-recommended minimum reserve for Hillsborough City Elementary School District is 3.00% of total General Fund expenditures and Transfers Out. The District is projecting approximately $9.7 million in available reserves or 23.79% of the total General Fund expenditures for 2026-27. This includes the Special Reserve Fund (Fund 17).

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to increase to 30% in 2027-28 and 37.7% in 2028-29. This projection includes the Special Reserve Fund (Fund 17).

Total revenues are projected to increase $1.4 million in 2027-28 and $944,000 in 2028-29 driven primarily by forecasted property tax increases of 5% in 2027-28 and 3% in 2028-29. Local one-time discretionary funds are removed in 2027-28.

Total expenditures are projected to increase by $67,000 in 2027–28 and $706,000 in 2028–29. Salary and benefit costs are expected to increase by $509,000 in 2027–28 and $703,000 in 2028–29, primarily due to 1.5% step and column adjustments and rising pension and health benefit costs. Expenditures for books and supplies are projected to decrease by 23% and capital outlay by 85% in 2027–28 as one-time expenditures are removed from the budget.

CASH FLOW

The District submitted cash flow projections for the General Fund showing positive cash balances for each month in the current and subsequent fiscal year.

The projected year-end cash balances are approximately $10.4 million in 2026-27 and $13.4 million in 2027-28.

OTHER FUNDS

The District maintains positive fund balances across all other funds.

There are no significant changes in other District funds from the 2025-26 Estimated Actuals to the 2026-27 Adopted Budget report.

SALARY NEGOTIATIONS

The District has finalized salary negotiations, resulting in a 3% increase for Classified and Certificated bargaining units for the 2026-27 school year, which was 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 2026-27 LCAP or Budget.

Sincerely,

Kevin J. Bultema
Deputy Superintendent, Business Services
kbultema@smcoe.org
650-802-5511

Marco A. Chávez
San Mateo County Superintendent of Schools
mchavez@smcoe.org
650-802-5554

Enclosures

c: Ana de Arce, Superintendent, Hillsborough City Elementary School District
Joyce Shen, Chief Business Official, Hillsborough City Elementary School District
Dhanya Unni, Executive Director, District Business Services, SMCOE
Joy Dardenelle, Executive Director, District Improvement and Support, SMCOE