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

September 15, 2026

Karen Chin
President, Governing Board
Millbrae Elementary School District
555 Richmond Dr
Millbrae, CA, 94030-1600

RE: 2026-27 Adopted Budget

Dear Board President Chin:

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 2026-27 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 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 Millbrae 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 06/16/2026, meets the requirements outlined in Education Code 42127(c).

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

The 2026-27 Adopted Budget shows a decrease of $2.6 million in the General Fund Balance. Compared to 2025-26 Estimated Actuals, deficit spending has increased by $1.1 million.

Total revenues increased by $599,000, primarily due to an increase of 2.6% or $726,000 in Local Control Funding Formula (LCFF) resources reflecting the Cost-of-Living-Adjustment (COLA). This increase was partially offset by a decrease of 3.9% or $145,000 in other state and local revenues.

Total expenditures decreased by $61,000. Salaries and benefits increased by 13.2% or $1.1 million due to step and column adjustments, the addition of one instructional aide for Transitional Kindergarten, and six paraprofessionals for Special Education. These increases were offset by a 40.2% or $741,000 reduction in textbook adoption and a decrease of 95.5% or $427,000 resulting from the removal of equipment expenditures.

RESERVES

The state-recommended minimum reserve for Millbrae Elementary School District is 3.00% of total General Fund expenditures and Transfers Out. The District is projecting approximately $1.2 million in available reserves or 3.00% of the total General Fund expenditures for 2026-27.

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to remain at 3.00% in 2027-28 and 2028-29.

Total revenues are projected to increase by $567,000 in 2027-28 and $787,000 in 2028-29, primarily driven by projected property tax growth of 2.75% and 2.68%, respectively. Federal, other state and local revenues are projected to remain relatively stable in both years. Projections also include an annual $340,000 transfer from Special Reserve Fund for Postemployment Benefits (Fund 20) to cover retiree health and welfare costs.

Total Expenditures are projected to decrease by $36,000 in 2027-28 and increase by $670,000 in 2028-29. Salaries are projected to increase by 2% annually for step and column movement. Services are projected to increase by 2% or $143,000 in 2027-28 and 1.32% or $96,000 in 2028-29. The $850,000 transfer to Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17) is eliminated in the subsequent years.

DEFICIT SPENDING

The multi-year projections show an operating deficit of $2.5 million in the Unrestricted General Fund for 2026-27 followed by deficits of $1.7 million in 2027-28 and of $1.6 million in 2028-29.

CASH FLOW

The District submitted cash flow projections for 2026-27 and 2027-28 showing negative cash balance in the month of November 2027-28 in the General Fund. Negative cash balances will be covered with cash in other funds.

The projected year-end cash balances are approximately $7.5 million in 2026-27 and $6.8 million in 2027-28.

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 positive fund balances across all other funds. Below is a summary of funds with notable changes in the 2026-27 Adopted Budget.

Cafeteria Fund (Fund 13) – Revenues are projected to decrease by 7.4% or $140,000, primarily due to lower Child Nutrition Program revenues, while expenditures are projected to increase by 7.2% or $131,000, primarily driven by higher personnel and supply costs.

Special Reserve Fund for Other Than Capital Outlay Projects (Fund 17) – A new $850,000 transfer from Fund 01 has been established, replacing the previous $1 million transfer to Fund 01.

Building Fund (Fund 21) – The $29.7 million in other local revenue from prior year bond sale proceeds was removed. Expenditures are projected to increase by 38.4% or $2 million due to higher services and capital outlay costs.

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

SALARY NEGOTIATIONS

The District has not settled negotiations with the certificated and classified bargaining units for the current 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 2026-27 LCAP or Budget.

Sincerely,

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Enclosures

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Mary Pollett, Chief Business Official, Millbrae ESD
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