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

September 15, 2026

Aimee Armsby
President, Governing Board
Portola Valley Elementary School District
4575 Alpine Rd
Portola Valley, CA, 94028-8040

RE: 2026-27 Adopted Budget

Dear Board President Armsby:

The San Mateo County Office of Education (SMCOE) has completed its review of Portola Valley 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 Portola Valley 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 June 16, 2026, meets the requirements outlined in Education Code 42127(c).

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

The 2026-27 Adopted Budget shows a net decrease of $384,000 in the General Fund Balance. Compared to 2025-26 Estimated Actuals, deficit spending has decreased by $220,000.

Total revenues increased by $475,000 driven by 4.1% or $727,000 increase in secured property taxes and a decrease of 5.6% or $158,000 in local revenues.

Total expenditures increased by $1.5 million. Salaries and benefits are expected to grow by 8.6% or $1.4 million due to negotiated salary increase, step and column adjustments. Supplies and services are projected to decrease by $168,000 but offset by $152,000 increase in capital outlay.

RESERVES

The state-recommended minimum reserve for Portola Valley Elementary School District is 4.00% of total General Fund expenditures and Transfers Out. The District is projecting approximately $4.7 million in available reserves or 20.42% of the total General Fund expenditures for 2026-27. This includes the Special Reserve Fund for Other Than Capital Outlay (Fund 17).

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to increase to 22.11% in 2027-28 and 24.61% in 2028-29. This projection includes the Special Reserve Fund for Other Than Capital Outlay (Fund 17).

Total revenues are projected to increase by $648,000 in 2027-28 and $526,000 in 2028-29. Property tax revenues are projected to increase by an average of 3.5% or $660,000 over the next fiscal years. Local revenues is projected to decrease by 4.94% or $132,000 in 2027-28 due to Parent Teacher Organization and Portola Valley School Foundation grants not being budgeted until received. All other revenues in both outyears are budgeted relatively flat.

Total expenditures are projected to increase by $75,000 in 2027-28 and $137,000 in 2028-29. Salaries and benefits in both years reflect 2% annual step and column adjustments. In 2027-28, books and supplies are expected to increase by 42.28% or $259,000 due to textbook adoption, while the $215,000 budget for security equipment purchase was removed. Transfers out to Other Funds were decreased by 40.72% or $241,000 in 2027-28 and remain relatively flat in 2028-29.

DEFICIT SPENDING

The multi-year projections show an operating deficit of $176,000 in the Unrestricted General Fund for 2026-27 followed by surpluses of $373,000 in 2027-28 and $594,000 in 2028-29.

CASH FLOW

The District submitted cash flow projections for 2026-27 and 2027-28 showing negative cash balances in the months of October and November 2027-28 in the General Fund. Negative cash balances will be covered with cash in other funds. Additionally, the beginning balance was overstated by $2.3 million.

The projected year-end cash balances are approximately $4.8 million in 2026-27 and $5 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.

Deferred Maintenance Fund (Fund 14) – Services and other operating expenditures have been reduced by $115,000 or 88.5% and capital outlay decreased by $331,000 or 21.8%.

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 finalized salary negotiations, resulting in a 5% 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,





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Enclosures

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Connie Ngo, Chief Business Official, Portola Valley Elementary School District
Minoo Shah, Director of Educational Services & Wellness, Portola Valley ESD
Dhanya Unni, Executive Director, District Business Services, SMCOE
Joy Dardenelle, Executive Director, District Improvement and Support, SMCOE