



**SAN MATEO
COUNTY
OFFICE OF
EDUCATION**

Excellence and Equity in Education

Nancy Magee • County Superintendent of Schools

August 23, 2023

Sophia Layne
President, Governing Board
Cabrillo Unified School District
498 Kelly Avenue
Half Moon Bay, CA 94019

Dear President Layne and State Superintendent Thurmond:

San Mateo County Office of Education (SMCOE) issued a letter dated June 28, 2023, designating the Cabrillo Unified School District (CUSD) as a lack of going concern. The letter included the basis for this determination and required three actions from the district to be completed by July 31, 2023, and one action to be completed by August 4, 2023. The actions required of the district and status are:

1. District is required to encumber all contracts and other obligations known in the month of July for the 2023-24 fiscal year (July 31st). **COMPLETED**
2. District is required to update their cashflow worksheet to include projected TRANS draws to cover cash deficits (July 31st). **NOT COMPLETED**
3. District is required to provide the County Office with a Solvency and Fiscal Stabilization Plan (July 31st). **NOT COMPLETED**
4. District is required to update their projected revenues and expenditures to align to the adopted 2023 state Budget Act in accordance with Education Code Section 42127(h). (August 4th) **NOT COMPLETED**

SMCOE also provided the following recommendations:

- Publicly disclose the lack of going concern determination by the San Mateo County Superintendent of Schools

- Freeze all unrestricted general fund discretionary expenditures unless operationally necessary as determined by the District's Chief Business Official (CBO) or designee
- Implement a hiring freeze on all positions that do not provide direct services to students
- Review and reconcile position control for the current year's budget

As of the date of this letter, SMCOE is not aware these recommendations have been implemented by the District.

SMCOE staff has been working with CUSD's administration to comply with the requirements documented in the letter of going concern. It is the district's board of trustees' and administration's responsibility to act and complete the requirements to move the district towards financial stability.

SMCOE is documenting a revised deadline to complete the required actions by September 13, 2023.

Please note the Districts failure to complete these required tasks has a direct impact on SMCOE's ability to approve the District's 2023-24 budget. If the requirements are not addressed by this new deadline, SMCOE will take action noted in Education Code 42127.6 (c)(e). Education Code 42127.6(e) states the County Superintendent shall take at least one of the following actions, and all actions that are necessary:

(1) Develop and impose, in consultation with the Superintendent and the governing board of the school district, a budget revision that will enable the school district to meet its financial obligations in the current fiscal year.

(2) Stay or rescind any action that is determined to be inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year. This includes any actions up to the point that the subsequent year's budget is approved by the county superintendent of schools. The county superintendent of schools shall inform the governing board of the school district in writing of the county superintendent's justification for any exercise of authority under this paragraph.

(3) Assist in developing, in consultation with the governing board of the school district, a multiyear financial recovery plan that will enable the school district to meet its future obligations.

(4) Assist in developing, in consultation with the governing board of the school district, a budget for the subsequent fiscal year. If necessary, the county superintendent of schools shall continue to work with the governing board of the school district until the budget for the subsequent year is adopted by the governing board of the school district and approved by the county superintendent of schools.

(5) As necessary, appoint a fiscal adviser to perform any or all of the duties prescribed by this section on behalf of the county superintendent of schools.

Time is of the essence for CUSD to act to ensure the fiscal solvency of the Cabrillo Unified School District.

Sincerely,



Nancy Magee
County Superintendent of Schools

cc: Board of Education, Cabrillo Unified School District
Dr. Sean McPhetridge, Superintendent, Cabrillo USD
Jesus Contreras, Chief Business Official, Cabrillo USD
Kevin Bultema, Deputy Superintendent, Business Services Division SMCOE
Tony Thurmond, State Superintendent of Public Instruction, CDE
Elizabeth Dearstyne, Director School Fiscal Services Division, CDE
Mike Fine, Chief Executive Officer, FCMAT
Wendy Richard, Executive Director, District Business Services, SMCOE