



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

April 10, 2015

Mr. Edward Velasquez, Interim Superintendent
San Ysidro Elementary School District
4350 Otay Mesa Road
San Ysidro, CA 92173-1685

Dear Mr. Velasquez:

The California Department of Education has considered your appeal of the San Diego County Office of Education's (County's) decision to change the San Ysidro Elementary School District's (District's) 2014–15 Second Interim Financial Report certification from "Positive" to "Qualified". After considering the material presented, pursuant to California *Education Code (EC)* Section 42131, we are assigning a "Qualified" certification to the District for the 2014–15 Second Interim Report.

A Qualified certification is assigned to any school district that, based on current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. A Positive certification is assigned to any school district that, based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

We are assigning a "Qualified" certification for the following reasons. First, although the District projects in its Second Interim Report that it will meet the State recommended three percent minimum Reserve for Economic Uncertainties in the current fiscal year and two subsequent fiscal years, the District did not properly reflect prior-year revenue adjustments in its 2014–15 budget. After accounting for this change, the District's reserves on the multi-year forecast fall to over \$130,000 below the minimum recommended amount.

Second, our review found that the multi-year forecast is not consistent with the District's Local Control and Accountability Plan (LCAP). For instance, the forecast does not reflect increased staffing even though the LCAP indicates that the District is meeting its obligation to demonstrate increased or improved services for unduplicated pupils (*California Code of Regulations*, Title 5, Section 15496) by hiring 5 special assignment teachers and 22 impact teachers. Similarly, the District could not demonstrate to us that the forecast was based on staffing levels that are adequate to meet K–3 class size requirements, which is a condition of receiving certain funds. Finally, there is still uncertainty regarding the outstanding legal judgment against the District and the

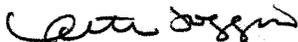
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corresponding potential risk to the District's General Fund. These issues have us concerned that the ending fund balance in the multi-year forecast may be overstated. Thus we agree that a "Qualified" certification is warranted.

We are aware of the fiscal challenges that the District is facing and recognize that the District must make difficult decisions. However, when those decisions constitute a significant shift in direction from the adopted LCAP, it is our expectation that the District will avail itself of the LCAP revision process authorized by *EC* Section 52062(c). This ensures that the community is engaged in the process and that the District demonstrates that it is continuing to meet its obligations to students who are classified as English learners, eligible for a free or reduced price meal, and/or foster youth.

We understand that the District is beginning to develop its 2015–16 LCAP. We encourage the District to continue to dialog and work with the County throughout this process to ensure that the LCAP is in alignment with the budget and that the budget is consistent with a financial plan that enables the District to meet its multi-year commitments. If you have any questions regarding the information provided, please contact me by phone at 916-322-3024.

Sincerely,



Peter Foggiano, Director
School Fiscal Services Division

cc: Members of the San Ysidro School District Governing Board
Dena Whittington, Assistant Superintendent, Business Services, San Ysidro
School District
Randolph Ward, San Diego County Superintendent of Schools
Lora Duzyk, Assistant Superintendent, Business Services, SDCOE
Brent Watson, Executive Director, District Financial Services, SDCOE