



Excellence and Equity in Education

Marco A. Chávez • County Superintendent of Schools

February 26, 2026

Lynda Brocchini
President, Governing Board
Pacifica School District
375 Reina Del Mar Avenue
Pacifica, CA 94044

Dear Board President Brocchini:

In our letter dated February 18, 2026, the County Office of Education (county office) concurred with the District's positive certification of its First Interim Report, however we noted concerns regarding deficit spending and fiscal stabilization efforts required of the district. Our letter also included a section related to new concerns presented by the district at a meeting on February 11, 2026. Based on information shared, the County Office required the district submit a revised Multi-Year Projection (MYP) and the fiscal stabilization plan to the County Office by February 24, 2026. Our office has not received the information required as of the date of this letter.

Therefore, in accordance with the provisions of Education Code Section 42127.6, the San Mateo County Office of Education has determined that the Pacifica School District may be unable to meet its financial obligations for the current or two subsequent fiscal years and is taking action under 42127.6 to identify the district as a “lack of going concern.” As required by Education Code Section 42127.6 (a)(1), our office has submitted a copy of this letter to the Superintendent of Public Instruction.

Basis for Determination

The following outlines the fiscal and operational issues that are of concern to our office, and that, without immediate intervention, put the district at risk of becoming fiscally insolvent.

- *2024-25 Unaudited Actuals* — When the district closed the books in 2024-25, ending fund balance was approximately \$480,000 lower in the Unrestricted General Fund compared to the Estimated Actuals.
- *Position Control Concerns* — The district indicated that they need to incorporate three vacant positions in the Second Interim Report adding another \$480,000 in expenses that was not accounted for in the First Interim Report.
- *Special Education Costs* — The district reports that expenses of \$1.2 million related to the Special Education Program was not included in the First Interim budget.
- *Declining Enrollment* — The district continues to face declining enrollment with required adjustments to staffing levels to maintain fiscal stability.

- *Negative Ending Fund Balance*: The district indicated that its projections show it will end the current year with a negative \$1 million fund balance in the Unrestricted General Fund.
- *District's Ability to Implement Fiscal Stabilization Plan* — The County Office notes a resolution to reduce Particular Kinds of Service (PKS) for the 2026-27 fiscal year was not approved by the Board of Trustees at the board meeting held on February 25, 2026. The deadline to adopt a resolution to reduce positions for next year is March 15, however that date falls on a Sunday thus the actual deadline to adopt a PKS resolution and provide employee notification is March 13, 2026. It is noted the board has a meeting on March 11, 2026.
- *Leadership Turnover* — The district experienced the departure of the superintendent at the end of the last fiscal year. The district has not had a chief business official serving consistently since the 2024-25 fiscal year. Vacancies in these key leadership positions pose a significant risk or threat of potential fiscal insolvency and program breakdown.
- *No response to the County Offices request for additional documentation* — In the First Interim Budget letter, the county office required the district to submit a revised MYP and the Fiscal Stabilization Plan by **February 24, 2026**. As of the date of this letter, the district has not submitted these documents.

The district may choose to implement a combination of one-time and ongoing budget reductions to remain fiscally solvent. However, addressing the district's current structural deficit necessitates identifying, implementing and maintaining budget reductions in each fiscal year.

Implications of Lack of Going Concern

If at any time the county superintendent determines that a district may be unable to meet its financial obligations for the current or two subsequent fiscal years, Education Code Section 42127.6 requires the county superintendent, in consultation with the Superintendent of Public Instruction, to do at least one of the following, and all actions necessary, to ensure that the district meets its financial obligations:

- Assign a fiscal expert, paid for by the county superintendent, to advise the district on its financial problems.
- Conduct a study of the financial and budgetary conditions of the district that includes, but is not limited to, a review of internal controls.
- Direct the school district to submit a financial projection of all fund and cash balances of the district for the current and subsequent fiscal years in the Second Interim budget report.
- Require the district to adjust the budget to include the items noted by the district which were excluded in the First Interim budget report and to encumber all contracts and other obligations, to prepare appropriate cash flow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables.
- Direct the district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the district may not be able to meet its financial obligations.

- Withhold compensation of the members of the governing board and the district superintendent for failure to provide requested financial information.
- Assign the Fiscal Crisis and Management Assistance Team to review teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignments.

The items checked above indicate those actions the county superintendent is taking at this time. Additional information regarding the county office’s requirements is provided below.

The district’s fiscal status results in the following additional requirements under current law.

Non-Voter Approved Debt — Because the district’s financial status mirrors that of a district with a qualified certification, Education Code Section 42133 prohibits the district from issuing nonvoter-approved debt (e.g., certificates of participation, tax and revenue anticipation notes, and capital leases) in 2025-26 and 2026-27, unless the county superintendent determines that repayment of the debt is probable. Please submit a non-voter-approved debt disclosure to our office at least 30 days prior to the governing board’s approval to proceed with any non-voter approved debt issuance, excluding TRANs. For TRANs, please contact our office for a list of requirements.

Employee Negotiations — Government Code Section 3540.2(a) requires the district to allow the county office of education at least 10 working days to review and comment on any proposed collective bargaining agreement. Therefore, please provide us with any forthcoming agreements or re-openers within this time frame, along with a signed certification by the district superintendent and chief business official that the district can fulfill the cost of the agreement.

Fiscal Crises & Management Assistance Team (FCMAT) — The designation of the district as a “Lack of Going Concern” will trigger FCMAT to perform a Fiscal Health Risk Analysis. FCMAT staff will be contacting the district in the coming days to schedule this work.

Required Actions

Please provide our office with the following information as part of the Second Interim budget report.

- *Updated Cash Flow Projections* — Our office is requiring the submission of an updated 24-month cash flow projection for all district funds. The projection should include the period from July 1, 2025 through June 30, 2027 with actual revenues and disbursements through January 31, 2025.
- *Solvency and Fiscal Stabilization Plan* — The county office is requiring the submission of a board approved solvency and fiscal stabilization plan.
- *Updated MYP* — The updated MYP must be prepared for restricted, unrestricted and combined funds, including detailed assumptions including the board approved Solvency and Fiscal Stabilization Plan.

Recommendations

The county superintendent also recommends that the district:

- Publicly disclose the lack of going concern determination by the San Mateo County Office of Education
- Freeze all unrestricted general fund discretionary expenditures unless operationally necessary
- Implement a hiring freeze on all positions that do not provide direct services to students

Conclusion

Our office acknowledges the difficult financial decisions the district is facing in the near future and will continue to work closely and collaboratively with the district to strengthen its financial condition. Please do not hesitate to contact our office with any questions or concerns.

Sincerely,



Kevin J. Bultema
Deputy Superintendent, Business Services Division
San Mateo County Office of Education

- c Board of Education, Pacifica SD
Dr. Carisa Bowman, Interim Superintendent, Pacifica SD
Marco Chávez, Superintendent of Schools, San Mateo County Office of Education
Tony Thurmond, State Superintendent of Public Instruction, California Department of Education
Mike Fine, Chief Executive Officer, FCMAT
Megan Reilly, Chief Administrative Officer, FCMAT
Tami Pierson, Director School Fiscal Services Division, CDE
Malia M. Cohen, Controller, California State Controller's Office
Dhanya Unni, Executive Director, District Business Services