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

September 15, 2026

Lizet Cortes, President, Governing Board
Cabrillo Unified School District
498 Kelly Ave
Half Moon Bay, CA, 94019-6102

RE: 2026-27 Adopted Budget

Dear Board President Cortes:

The San Mateo County Office of Education (SMCOE) has completed its review of Cabrillo Unified 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 Cabrillo Unified (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 18, 2026, meets the requirements outlined in Education Code 42127(c).

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

The 2026-27 Adopted Budget shows a decrease of $1.03 million in the General Fund Balance. Compared to 2025-26 Estimated Actuals, deficit spending has increased by $115,000.

Total revenues decreased by $2.76 million. While property taxes increased by 3%, federal, other state, and local revenue decreased due to reduced carry-over or expiring one-time funds.

Total expenditures decreased by $6.12 million. Certificated salaries decreased due to staffing reductions in spite of negotiated salary increases. Classified salaries increased primarily due to increased paraeducator staffing. Books and supplies and capital outlay decreased as one-time expenditures were removed.

RESERVES

The state-recommended minimum reserve for Cabrillo Unified School District is 3.00% of total General Fund expenditures and Transfers Out. The District is projecting approximately $5.67 million in available reserves or 10.88% of the total General Fund expenditures for 2026-27. This includes the Special Reserve Fund (Fund 17).

MULTI-YEAR PROJECTIONS (MYP)

Reserves are expected to decrease to 10.75% in 2027-28 and increase to 11.72% in 2028-29. This projection includes the Special Reserve Fund (Fund 17).

Total revenues are projected to increase by $1.75 million in 2027-28 and $1.55 million in 2028-29. All sources of revenue, LCFF, federal, other state, and local are projected to increase by 3.3% in 2027-28 and 3.09% in 2028-29.

Total Expenditures are projected to increase by $975,000 in 2027-28 and $773,000 in 2028-29. The District has included the negotiated 4.5% salary increase in its 2027-28 projections. Step and column increases are estimated to be 2% each year. Health and Welfare costs are increased by 5% each year. In 2027-28 Other Adjustments section, the District notes a reduction of

approximately $688,000 in combined certificated and classified salaries. This is due to right-sizing staff levels to enrollment trends by reducing 4.0 FTE Certificated, 1.5 FTE Classified, and 0.7 FTE Management in 2027-28.

DEFICIT SPENDING

The multi-year projections show an operating deficit of $880,000 in the Unrestricted General Fund for 2026-27 followed by a surplus of $13,000 in 2027-28 and a surplus of $608,000 in 2028-29.

CASH FLOW

The District submitted cash flow projections for the General Fund showing positive cash balances for each month in the current and subsequent fiscal year.

The projected year-end cash balances are approximately $1.31 million in 2026-27 and $233,000 in 2027-28.

The District issued a $7.5 million TRAN in anticipation of potential cash flow issues during the fall of 2026.

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.

Building Fund (Fund 21) – Expenditures are estimated to be $8.73 million for ongoing construction projects compared to $34.3 million last year.

Building Fund (Fund 40) – This fund is being utilized to support the General Fund and Fund 17. The District will exhaust this fund by the end of 2025-26.

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 a three-year agreement with Certificated, Classified and Management/ Unrepresented bargaining units for the period from July 1, 2025, to June 30, 2028. The salary increases are for 2.5%, 3%, and 4% effective July 1 of 2025, 2026, and 2027 and an additional 1% effective January 1, 2028. The costs of these settlements have been incorporated into the current budget and the multi-year projections.

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

c: Ramon Miramontes, Superintendent, Cabrillo Unified School District
Jennifer Marsh, Chief Business Official, Cabrillo Unified School District
Dhanya Unni, Executive Director, District Business Services, SMCOE
Joy Dardenelle, Executive Director, District Improvement and Support, SMCOE