



AUDIT CERTIFICATION

2024-25 FINANCIAL REPORT/AUDIT

District/Charter Name SANTA ROSA CITY SCHOOLS Sonoma County, California

In accordance with Education Code section 41020.3, the Governing Board must review and accept the prior year's Financial Report/Audit, at a public meeting, on or before January 31st (or for charter schools pursuant to Education Code section 47605) and

THEREBY, as written verification of said review, the Governing Board reviewed and accepted

on January 28, 2026 the Annual Financial Report as of June 30, 2025.

(Signature) District Superintendent/Charter School Official

January 28, 2026

Date

Lisa August Hulme

Printed name

Submit the original (or a scan of the original) signature copy of the Audit Certification by **February 15, 2026** to your **SCOE Advisor** at:

Business Services
Sonoma County Office of Education
5340 Skylane Boulevard
Santa Rosa, CA 95403

SCOE Use only: reviewed by: _____ date reviewed: _____



CERTIFICATION OF CORRECTIVE ACTION

2024-25 AUDIT FINDINGS AND RECOMMENDATIONS

LEA Name SANTA ROSA CITY SCHOOLS
Sonoma County, California

- 2024-25 Certification of Corrective Action is hereby filed by the Governing Board of the school district.

Sarah Jenkins

Clerk/Secretary of the Governing Board

January 28, 2026

Date of Meeting

- 2024-25 Certification of Corrective Action

The Superintendent certifies that all corrective action(s) specified in the attached page(s) have been reviewed by the district's Governing Board and assures that corrective procedures have been implemented and will be used in the ensuing years.

Lisa August Hulme

District Superintendent

January 28, 2026

Date

For additional information

Contact: Joel Dontos

Phone: (707) 890-3800 x80210

Submit the original (or a scan of the original) of the Certification of Corrective Action together with each Audit Finding Corrective Action form and corresponding documentation by **March 15, 2026** to your **SCOE Advisor** at:
Sonoma County Office of Education
5340 Skylane Boulevard
Santa Rosa, CA 95403

SCOE Use only: reviewed by: _____ date reviewed: _____

2024-25 AUDIT FINDING CORRECTIVE ACTION

Due to SCOE by March 15, 2026 or immediately following board approval

LEA: SANTA ROSA CITY SCHOOLS

Finding Category: 40000 (see list at bottom of page)

Finding Number: 2025-001 Page **Number:** 101

| | |
|---|--------------------------|
| <p>A. Describe below specific corrective action(s) used in resolving the audit finding.</p> <p>B. Specifically address each individual item within the finding. Be certain that your responses are clear and concise. You will need to provide <u>all</u> documentation which supports the specific action taken toward resolving the finding; i.e., copies of amended reports, corrective action plans, etc.</p> <p>A. To resolve the General Fund reserve shortfall and the deficit unassigned fund balance of \$1,504,022, the District has prepared a round 1 Budget Solutions, which includes approximately \$1.9 million in ongoing reductions approved by the Board in December 2026, and is preparing a round 2 of Budget Solutions of approximately \$14 million in ongoing solutions planned for Board discussion in January 2026 and action in February 2026. The District has also identified approximately \$19 million of one-time budget solutions to restore the reserves. All Board approved solutions will be incorporated into the Second Interim Report. With these actions, the District will restore the minimum 3% reserve for economic uncertainties and improve its overall fiscal position.</p> <p>B. Reserve Restoration: The District has scheduled rounds of budget solutions. Long-term Solvency: additional ongoing solutions are planned for Board consideration in February 2026 to ensure future compliance with state minimum reserve levels. Budget Monitoring: One-time budget solutions were incorporated into the First Interim Report, and further one-time solutions will be included in the Second Interim Report to address the immediate deficit. Multi-year Planning: The District is implementing these measures throughout the 2025-26 fiscal year to realign its financial structure and reflect accurate enrollment and expenditure trends in its projections.</p> | |
| <p>C. Did this finding require a corrective report? →</p> <p style="text-align: center;">If yes, attach a copy of an acceptable plan of correction.</p> | <p>Yes</p> <p>[X] No</p> |

| AB 3627 Finding Category Types | |
|---------------------------------------|-----------------------------------|
| 10000 | Attendance |
| 20000 | Fixed Assets |
| 30000 | Internal Control |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Program |
| 50000 | Federal Compliance |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

SCOE Use only: reviewed by: _____ date reviewed: _____

Documentation which supports the specific action taken toward resolving the finding:

Please find the round 1 Budget Solutions as of December 5, 2025, attached to this form.

Included in the REGULAR BOARD MEETING | 01/28/2026 is the Item. e. (Discussion) Fiscal Stabilization Plan and Recommendations to the Board with round 2 Budget Solutions. At a February 2026 Board Meeting these will be an Item for Board action.

Additional Fiscal Stabilization Plans will be generated for Board approval and provided to the Sonoma County Office of Education (SCOE) as required to fulfill the corrective action needed for this finding.

FISCAL STABILIZATION PLAN

Potential Budget Solutions

As of December 5, 2025

ROUND ONE BUDGET SOLUTIONS

Reduce and restructure district office - Management Positions

As previously indicated, staff are working to develop potential budget solutions in the following areas:

- Maximize use of restricted resources
- Reduce supplemental pay
- Reduce and restructure district office
- Reduce school site staffing
- Reduce district-based support staffing to school sites
- Manage special education costs increases
- Reduce discretionary contracts
- Explore intermediate to long-term budget solutions
- Plan for unbudgeted needs

As established in our timeline toward fiscal solvency, round one of budget solutions is presented to the Board for action. This round consists of changes to management positions aimed at reducing and restructuring the district office.

To date, we have identified potential budget solutions totaling 1.9M (1.1M in unrestricted funds and 0.8M in restricted funds). The savings from these potential budget solutions consist of reductions primarily in Education Services and Special Services and include reductions in Wellness and Engagement and Human Resources as well. Management costs make up 100% of these savings (9 FTE).

| Item No. | Potential Solution | Proposal | Estimated Savings | FTE |
|----------|---|---|-------------------|------|
| DO-1 | Reduce Special Services Administrative Positions | Eliminate 1.0 FTE Special Services Coordinator and 2.0 FTE Program Managers. | 548,209 | 3.00 |
| DO-2 | Reduce Wellness and Engagement Administrative Positions | Reduce 1.0 FTE Director to 1.0 FTE Coordinator. | 49,573 | 0.00 |
| DO-3 | Reduce Educational Services Administrative Positions | Eliminate 1.0 FTE Executive Director, 1.0 FTE Director, and 3.0 FTE Coordinators. | 1,083,892 | 5.00 |
| DO-4 | Reduce Human Resources Administrative Positions | Eliminate 1.0 FTE Director. | 236,003 | 1.00 |

FISCAL STABILIZATION PLAN

Potential Budget Solutions

As of December 5, 2025

These potential solutions are ongoing and will help reduce the structural deficit. Additional information regarding the potential budget solutions can be found at the end of this document, including the corresponding organizational chart. Again, these potential budget solutions are presented to the Board for action.

In addition, the consolidation of Education Services, Special Services, and Wellness and Engagement into a single unit is a work in progress. As a next step, we will review non-management positions as we continue to consider how to reduce and restructure the district office. Staff will present round two of potential budget solutions for Board discussion in January 2026 and for Board action in February 2026.

Maximize use of restricted resources

To date, we have identified 7.9M of restricted fund balances available to help restore our unrestricted General Fund reserves. These one-time potential solutions help restore the ending fund balance and do not address the structural deficit. Our best thinking on these one-time potential solutions is described below as information:

- The district was awarded 4.3M of new, one-time dollars as part of the Budget Act: 0.7M Learning Recovery Emergency Block Grant (resource 7435), and 3.6M Student Support and Professional Development Discretionary Block Grant (resource 6019). These funds are a part of our FY25/26 restricted fund balance. Appropriate and eligible expenditures will be reviewed with our independent auditor and SCOE and transferred to these one-time restricted funds in the current year to help restore our reserves. We expect to have this work finalized for the Second Interim report.
- The district closed FY24/25 with an ending fund balance of 3.2M in Medi-Cal reimbursements (resource 9015). We are in the process of identifying appropriate and eligible expenditures for this fund balance. We will work in partnership with Paradigm, our Medi-Cal claims processor and consultant, as well as our independent auditor, and SCOE to vet our list of expenditures. We expect to have this work finalized for the Second Interim report.
- The district closed FY24/25 with an ending fund balance of 0.5M in wellness grants (resources 9028 and 9052). We have transferred 0.4M of School Based Therapist expenditures to these resource codes to spend down the restricted fund balances. This work is included in the First Interim report.

Protecting the General Fund cash balance

Given cash flow projections reflect a negative cash balance for June 2026, we have taken steps to create layers of protection for the General Fund to ensure we have sufficient cash in June 2026 to cover our financial obligations. The layers of protection are listed below, including projected cash balances as of October 31. As a next step, we have contracted with FCMAT to support staff in developing cash flow projections for each of the protective funds.

FISCAL STABILIZATION PLAN

Potential Budget Solutions

As of December 5, 2025

| Projected General Fund June 2026 Cash Balance (in millions) | | | | -2.1 |
|---|---------------|--|---|--|
| | District Fund | Projected June 2026 Cash Balance (in millions) | % Available for General Fund, If Needed | Projected June 2026 Cash Available to General Fund (in millions) |
| Layer 1 Capital Funds | Fund 40 | 5.40 | 100% | 5.40 |
| | Fund 14 | 1.20 | 75% | 0.90 |
| | Fund 25 | 7.50 | 50% | 3.75 |
| Layer 2 Other Funds | Fund 12 | 4.20 | 50% | 2.10 |
| | Fund 13 | 4.00 | 50% | 2.00 |
| | Fund 67 | 1.40 | 50% | 0.70 |
| Layer 3 Charter School Funds | Funds 06-09 | 7.00 | 25% | 1.75 |
| TOTAL | | 30.70 | | 16.60 |

Prior Year Ending Cash (in millions)

| | |
|---------|------|
| FY24/25 | 16.9 |
| FY23/24 | 23.8 |
| FY22/23 | 37.6 |

Preview of round 2 budget solutions

To date, we have identified potential solutions totaling 3.5M (2.8M in unrestricted funds and 0.8M in restricted funds). This includes the elimination of co-teaching (stipends), elimination of Restorative Intervention Support, and reduction in School Based Therapists. These potential solutions are ongoing and help reduce the structural deficit. Round 2 of budget solutions will be presented to the Board on January 28, 2026 for discussion and on February 11, 2026 for action. Board approved budget solutions will be incorporated into the Second Interim report.

Updates and next steps

FCMAT was on site last week to conduct the interviews and document reviews necessary to complete the Fiscal Health Risk Analysis (FHRA). We expect the report to be available in draft form in January 2026. The results of the FHRA will guide system-wide efforts for continuous improvement in various areas, including budget monitoring, collective bargaining agreements, and employee benefits.

SCOE will review our preliminary Fiscal Stabilization Plan and determine by December 15, 2025 whether to assign a Fiscal Advisor with stay or rescind authority.

On December 17, 2025, staff will present the skipping criteria for layoffs to the Board for action.

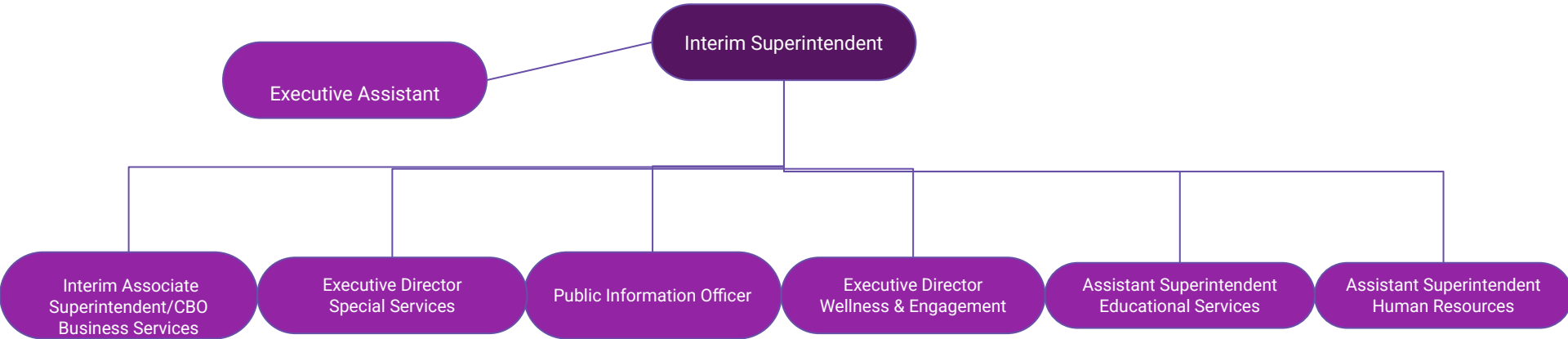
FISCAL STABILIZATION PLAN

Potential Budget Solutions

As of December 5, 2025

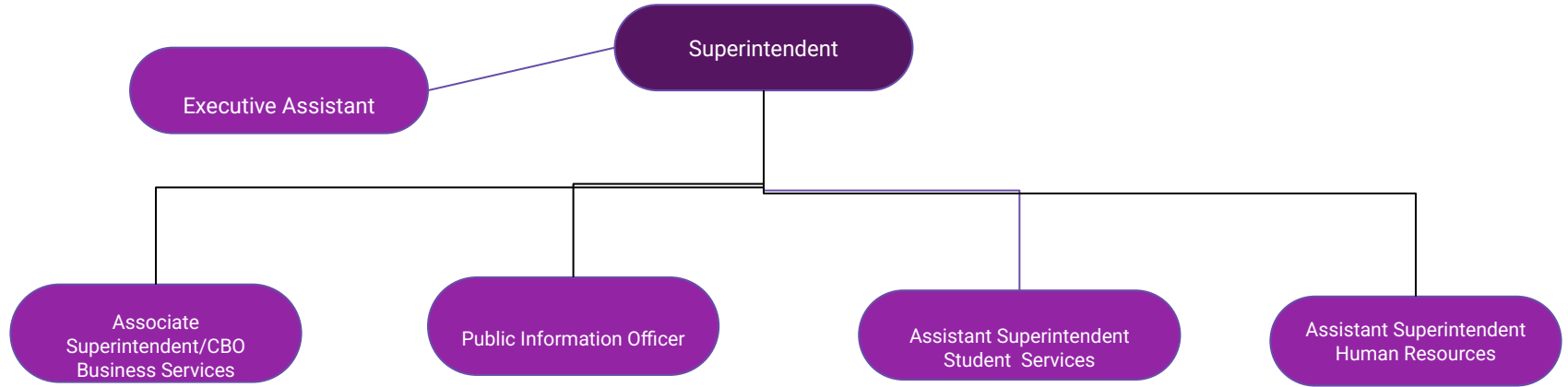
| | | | | | | | Grand Total | 1,091,878 | 6.00 | 825,799 | 3.00 | 1,917,678 | 9.00 |
|-----|--|----------|---|-------------|------------------|---|--|--------------|------|------------|------|-----------|------|
| | | | | | | | ESTIMATED SAVINGS | | | | | | |
| Rnd | Category | Item No. | Potential Solution | Fiscal Year | Multiyear Impact | Current | Proposal | Unrestricted | | Restricted | | Combined | |
| | | | | | | | | Personnel | FTE | Personnel | FTE | Personnel | FTE |
| 1 | Reduce and restructure district office | DO-1 | Reduce Special Services Administrative Positions | FY26/27 | Ongoing | Special Services is served by 9.0 FTE management positions, as listed below: 1.0 FTE Executive Director 1.0 FTE Special Services Coordinator 7.0 FTE Program Manager (plus an additional 0.2 FTE this is assigned to the SELPA Deaf and Hard of Hearing program - DHH) | Eliminate 1.0 FTE Special Services Coordinator and 2.0 FTE Program Manager positions. New management structure for Special Services listed below: 1.0 FTE Executive Director 5.0 FTE Program Manager (plus an additional 0.2 FTE this is assigned to the SELPA Deaf and Hard of Hearing program - DHH) | 548,209 | 3.00 | | | 548,209 | 3.00 |
| 1 | Reduce and restructure district office | DO-2 | Reduce Wellness and Engagement Administrative Positions | FY26/27 | Ongoing | Wellness and Engagement is served by 3.0 FTE management positions, as listed below: 1.0 FTE Executive Director 1.0 FTE Director 1.0 FTE Coordinator | Reduce 1.0 FTE Director to 1.0 FTE Coordinator. New management structure for Wellness and Engagement is served by 2.0 FTE management positions, as listed below: 1.0 FTE Executive Director 1.0 FTE Coordinator <i>1.0 FTE Coordinator will be transferred to Special Services</i> | 23,795 | 0.00 | 25,778 | | 49,573 | 0.00 |
| 1 | Reduce and restructure district office | DO-3 | Reduce Educational Services Administrative Positions | FY26/27 | Ongoing | Educational Services is served by 10.0 FTE management positions, as listed below: 2.0 FTE Exec Directors 4.0 FTE Directors 4.0 FTE Coordinators | Eliminate 1.0 FTE Executive Director, 1.0 FTE Director, and 3.0 FTE Coordinators. New management structure for Educational Services is served by 5.0 FTE management positions, as listed below: 1.0 FTE Executive Director 3.0 FTE Directors 1.0 FTE Coordinator | 283,871 | 2.00 | 800,021 | 3.00 | 1,083,892 | 5.00 |
| 1 | Reduce and restructure district office | DO-4 | Reduce Human Resources Administrative Positions | FY26/27 | Ongoing | Human Resources is served by 3.0 FTE management positions, as listed below: 1.0 FTE Assistant Superintendent 2.0 FTE Directors | Eliminate 1.0 FTE Director. New management structure for Human Resources is served by 2.0 FTE management positions, as listed below: 1.0 FTE Assistant Superintendent 1.0 FTE Director | 236,003 | 1.00 | | | 236,003 | 1.00 |

Superintendent 2025/26



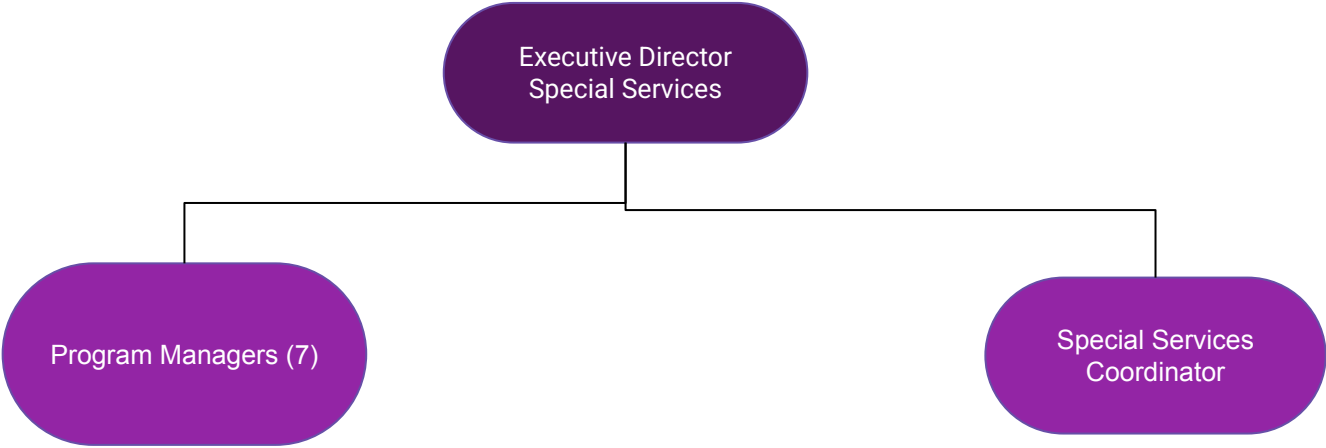
Current Structure

Superintendent - 2026/27



Changes from current year - Direct reporting structure no longer includes two executive directors, due to reorganization

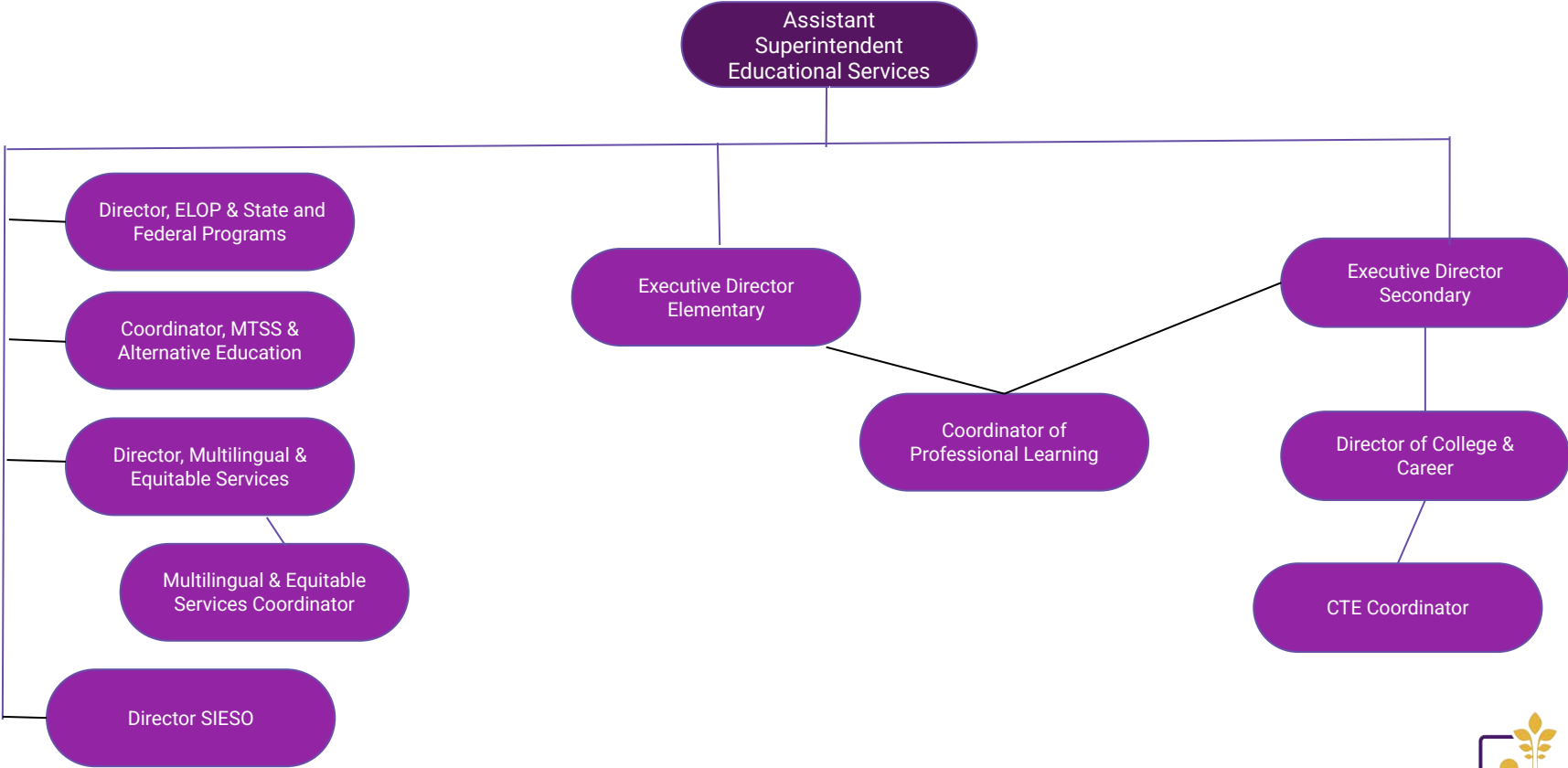
Special Services Administration - 2025/26



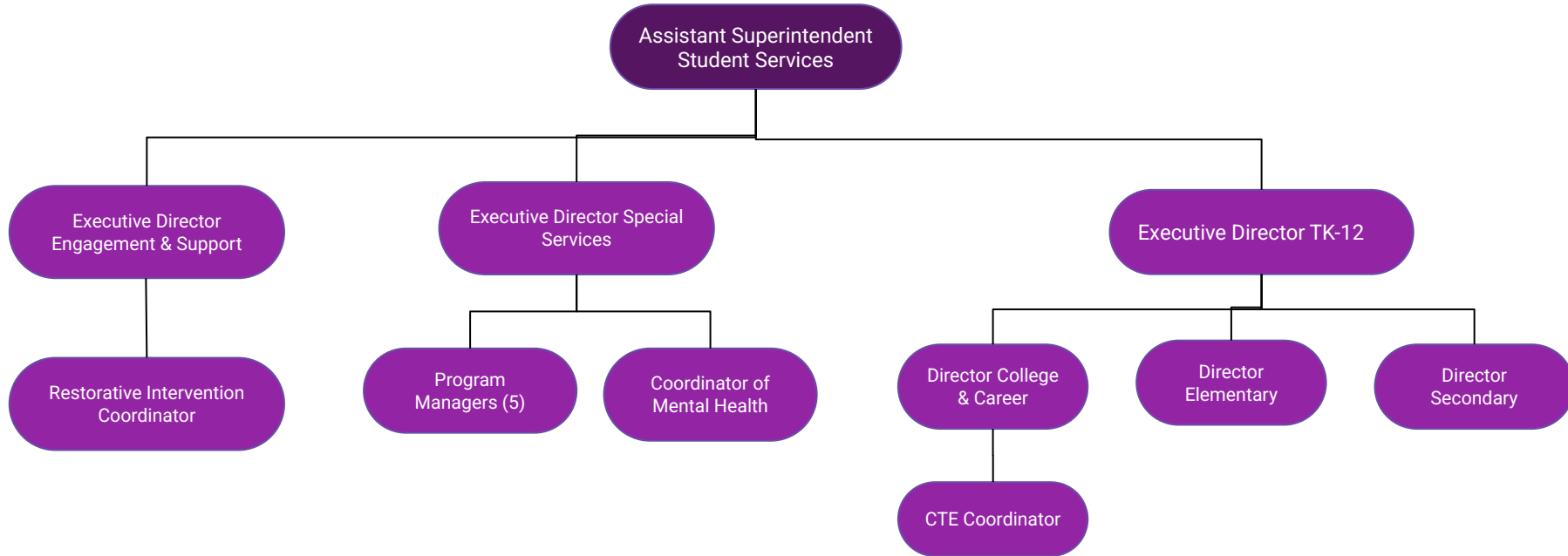
Wellness and Engagement Administration 2025/26



Educational Services Administration - 2025/26

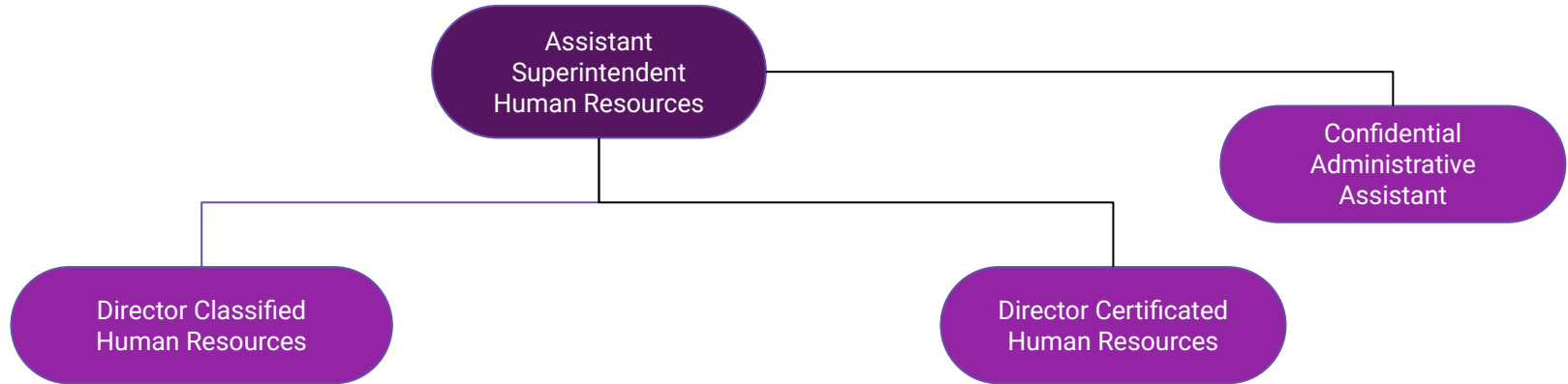


*Student Services Administration - 2026/27

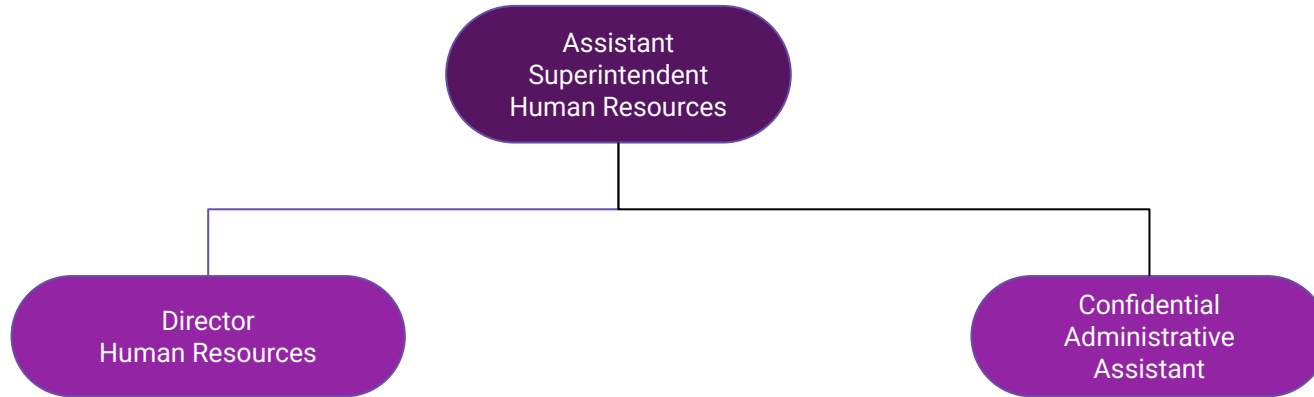


*Restructured division combining Educational Services, Special Services, and Wellness & Engagement

Human Resources Administration 2025/26



Human Resources Administration 2026/27



2024-25 AUDIT FINDING CORRECTIVE ACTION

Due to SCOE by March 15, 2026 or immediately following board approval

LEA: SANTA ROSA CITY SCHOOLS

Finding Category: 61000 (see list at bottom of page)

Finding Number: 2025-002 Page **Number:** 102

| | |
|--|--|
| <p>A. Describe below specific corrective action(s) used in resolving the audit finding.</p> <p>B. Specifically address each individual item within the finding. Be certain that your responses are clear and concise. You will need to provide <u>all</u> documentation which supports the specific action taken toward resolving the finding; i.e., copies of amended reports, corrective action plans, etc.</p> <p>A. The District is currently in the process of seeking a formal waiver from the County Superintendent of Schools regarding the deficiency in Education Code Section 41372 compliance with a reason for request of serious hardship to the school district. The request will include a written explanation, latest financial report, and multi year projection that reflects the financial impact of meeting the requirement. To prevent future recurrence, the District will perform a detailed analysis during the annual budget-setting process to monitor how grant-funded, non-classroom positions impact the compliance formula.</p> <p>B. The District spent 52.28% of total expenses on classroom teacher compensation, failing to meet the 55% unified school district requirement by a deficiency of \$5,885,227. Cause: The deficiency was driven by a strategic expansion of LCAP and grant-funded wraparound services (mental health, nursing, socio emotional support) which are included in the denominator but excluded from the numerator of the Current Expense Formula. Resolution: The District will budget these expenditures to be utilized for their intended purpose while simultaneously budgeting to meet at a minimum the 55%. Supporting documentation for the formal waiver request and the budget analysis framework will be provided to the SCOE Advisor.</p> | |
| <p>C. Did this finding require a corrective report? →</p> <p style="text-align: center;">If yes, attach a copy of an acceptable plan of correction.</p> | <p style="text-align: center;">Yes</p> <p style="text-align: center;">[X] No</p> |

AB 3627 Finding Category Types

| | |
|-------|-----------------------------------|
| 10000 | Attendance |
| 20000 | Fixed Assets |
| 30000 | Internal Control |
| 40000 | State Compliance |
| 42000 | Charter School Facilities Program |
| 50000 | Federal Compliance |
| 60000 | Miscellaneous |
| 61000 | Classroom Teacher Salaries |
| 62000 | Local Control Accountability Plan |
| 70000 | Instructional Materials |
| 71000 | Teacher Misassignments |
| 72000 | School Accountability Report Card |

SCOE Use only: reviewed by: _____ date reviewed: _____

Documentation which supports the specific action taken toward resolving the finding:

Please find a copy of the letter dated January 28, 2026 to the Sonoma County Office of Education Superintendent Amie R. Carter, Ed.D regarding the Request for Waiver of Education Code Section 41372 (2024-25 Fiscal Year).



Joel Dontos
Executive Director of Fiscal Services
100 Stony Point Rd, Suite 105
Santa Rosa, CA 95401
V (707) 890-3800 x80210
E-mail: jdontos@srcs.k12.ca.us

January 28, 2026

Amie R. Carter, Ed.D
County Superintendent, Sonoma County Office of Education
5340 Skyline Boulevard, Santa Rosa, CA 95403

Subject: Request for Waiver of Education Code Section 41372 (2024-25 Fiscal Year)

Dear Dr. Carter,

Pursuant to California Education Code Section 41372, Santa Rosa City Schools requests a waiver for the deficiency in classroom teacher salary expenditures for the 2024-25 fiscal year.

As noted in our Audit Report June 30, 2025 Finding 2025-002, the District's percentage was 52.28% against a requirement of 55%. This was a shortfall of \$5,885,227. A contributing factor to this is our investment in supplemental student services funded through the LCAP and specific state/federal grants.

The reason for the request is serious hardship to the school district with the financial impact of meeting the deficiency amount.

The district will perform a detailed analysis of how grant-funded non-classroom positions impact compliance and consider these factors during the annual budget-setting process. Our goal remains to provide a holistic educational environment. This deficiency does not reflect a move away from the classroom, but rather an organic growth in the support system that surrounds our teachers and students. We respectfully request a waiver for this period as we continue to balance these essential student services with state-mandated ratios.

Sincerely,

Joel Dontos

Enclosures: Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries

Cc: Sarah Lampenfeld, Director, External Fiscal Services, Sonoma County Office of Education; Felicia Aguirre, District Fiscal Management Advisor, Sonoma County Office of Education; Luz T. Cázares, Interim Associate Superintendent, Business Services, Santa Rosa City Schools

**Application for Exemption from the Required Expenditures for Classroom
Teachers' Salaries**

Pursuant to Education Code Section 41372

To: County Superintendent of Schools

For _____ fiscal year, the _____ School District
did not spend the minimum percentage of its budget on classroom teacher salaries as
required by *Education Code (EC)* Section 41372. We are requesting an exemption
from this requirement as provided by law.

Reason for request (Check one):

Serious hardship to the school district (Please attach a written explanation, the
district's latest interim report, and a multiyear projection for the current and two
subsequent fiscal years that reflects the financial impact of meeting the
requirement of *EC* 41372.)

Payment of classroom teacher salaries that are in excess of those paid by other
comparable school districts (Please attach a classroom teacher salary & benefits
comparison for at least three other comparable school districts. The comparison
should include annual classroom teacher salaries paid at the beginning, average,
and maximum salary levels plus the average annual employer contributions for
health & welfare benefits.)

Deficiency is less than \$1,000.00 (exemption is automatically approved)

A. Deficiency Amount

(Source: Form CEA)

1. Enter the minimum percentage for your district type.
(60% Elementary/ 50% High School/ 55% Unified) %
2. Enter the percentage spent by your district. %
3. Percentage below the minimum.
(Line 1 minus line 2) %
4. Enter the district's current expense of education (Form CEA) \$
5. Deficiency Amount.
(Line 3 times line 4) \$

B. Certification of the School District Governing Board

It is hereby certified that the information contained in this application is true and correct.

Signature of Authorized Official Title

Print Name of Authorized Official Date

**C. Decision of the County Superintendent of Schools
(Completed by the County Superintendent of Schools or Designee)**

Based on my review of the information contained with this application, I have taken the following action with respect to the school district named on this application (Check one):

I am granting the request for exemption from the requirements of *Education Code* Section 41372.

I am granting a partial exemption from the requirements of *Education Code* Section 41372. The amount not exempted is \$ (A written explanation of the reason(s) for approving a partial exemption is attached.)

I am denying the request for exemption from the requirements of *Education Code* Section 41372. (A written explanation of the reason(s) for denying the exemption is attached.)

It is hereby certified that the information contained in this application has been reviewed and is true and correct.

Signature of County Superintendent County Office/Date /

Signature of Authorized Designee Title of Authorized Designee/Date /