

March 12, 2024

Anna Trunnell, Superintendent
Lisa August, Associate Superintendent
Santa Rosa City Schools
211 Ridgway Avenue
Santa Rosa, CA 95401

Omar Medina, Board President
Santa Rosa City Schools
211 Ridgway Avenue
Santa Rosa, CA 95401

Re: Santa Rosa City School's Request to Review the Proposed 2023-24 Second Interim Multiyear Projection (MYP)

Dear President Medina, Superintendent Trunnell, and Associate Superintendent August:

Thank you for the opportunity to review Santa Rosa City School's proposed 2023-24 Second Interim Multiyear Projection (MYP). After completing our review, the Sonoma County Office of Education (SCOE) continues to have strong concerns that Santa Rosa City Schools (SRCS) may be unable to meet its financial obligations as early as the 2024-25 fiscal year. This conclusion was reached after our office completed an analysis of SRCS's proposed 2023-24 Second Interim MYP.

SRCS's proposed MYP for the 2023-24 Second Interim Report includes:

- (1) the use of one-time funds for ongoing expenditures,
- (2) unidentified budget reductions,
- (3) the costs of proposed salary changes associated with expected salary increases, and
- (4) smaller revenue increases in future school years due to the lower Cost-of-Living-Adjustments (COLAs) proposed in the Governor's January Budget.

SCOE agrees with SRCS's financial assumptions and resulting projections, as well as the magnitude of reductions necessary to begin restoring the district's financial health. As presented, the combination of financial changes since First Interim integrated into this new Second Interim MYP **accelerates SRCS's deficit spending, strains cashflow, and significantly lowers reserve levels. The resulting financial condition raises substantial question about SRCS's ability to realistically balance revenues and expenditures before the conclusion of this MYP timeline.**

Structural Deficit Spending and Reserves

SRCS's proposed MYP projects structural operating deficits in the General Fund of **-\$16,021,291, -\$19,274,873 and -\$894,040 for 2023-24, 2024-25, and 2025-26 respectively.** The projected deficit in 2025-26 decreases sharply because the proposed MYP includes **unidentified budget reductions of -\$3,232,456 in 2024-25 and -\$26,023,219 in 2025-26.** If SRCS is unable to deliver these budget reductions, the district **will not meet** the required 3% reserve for economic uncertainty in 2024-25 and 2025-26.

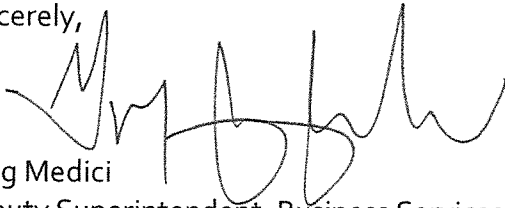
Amie R. Carter, Ed.D. | Sonoma County Superintendent of Schools

Board of Education | Gina Cuclis, Herman G. Hernandez, Steven Herrington Ph.D., Peter Kostas, Andrew Leonard

The County **strongly recommends** SRCS continues to proactively identify budget reductions that will result in expenditure savings immediately. Such reductions will begin to shrink the ongoing structural deficit and compound when saved across multiple fiscal years. Additionally, SRCS will need to expand its Fiscal Stabilization Plan to concretely identify necessary reductions included in the proposed MYP.

In conclusion, SCOE agrees with the accuracy of the financial assumptions and resulting projections integrated into SRCS's 2023-24 Second Interim MYP. The path forward to deliver the actions necessary to ensure fiscal solvency will be extremely difficult and require the combined effort of the SRCS Board, Administration, Staff, and Community.

Sincerely,



Greg Medici
Deputy Superintendent, Business Services

cc:

Santa Rosa City Schools Trustees
Joel Dontos, Executive Director Fiscal Services, SRCS
Amie R. Carter, Ed.D., County Superintendent of Schools
Sarah Lampenfeld, Director, External Fiscal Services
Felicia Aguirre, SCOE District Fiscal Management Advisor