

**Administration**

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VENTURA COUNTY OFFICE OF EDUCATION

Dr. César Morales, County Superintendent of Schools

June 21, 2022

Ms. Jane Weil, Governing Board President
309 Park Road, Ojai CA 93023

Mr. Michael Shanahan, Governing Board Vice President
901 Mercer Avenue, Ojai CA 93023

Dr. Rebecca Chandler, Governing Board Clerk
316 N. La Luna Avenue, Ojai CA 93023

Ms. Shelly Griffen, Governing Board Trustee
202 Olive Mill Lane, Ojai CA 93023

Mr. Kevin Ruf, Governing Board Trustee
3723 Thacher Road, Ojai CA 93023

Dr. Tiffany Morse, District Superintendent
414 East Ojai Ave, Ojai CA 93023

Dear Governing Board Trustees and District Superintendent:

The Ventura County Office of Education has reviewed the End of Year Projection report of the Ojai Unified School District for the period ending April 30, 2022 in accordance with Education Code Section 42131. Our analysis of the End of Year Projection report indicates that the district will meet its financial obligations and the minimum recommended reserve level for the current and two subsequent years with the district's planned reductions of \$2.2 million in 2023-24 fiscal year.

In our review, we noted the district will deplete available cash before June 30, 2022 and will not have a positive cash balance in the general fund until December 2022. The district applied for a Tax Revenue Anticipation Note (TRAN) cash flow loan in June and the proceeds are expected to be received after August 2022. Therefore, the district will need to borrow cash from its bond building fund to meet payroll and other payable obligations. The negative general fund cash balance is projected again in February and March of 2023. The district might consider applying for another TRAN loan to meet cash flow needs during the 2022-23 fiscal year.

The Second Interim multi-year projection included board approved personnel reductions of 10.8 full-time equivalent, prepared for the March 15, 2022 notification requirement, to be effective July 1, 2022. These position reductions were not included in the End of Year Projection report resulting in increased reductions necessary (\$2.2 million) by March 15, 2023 to be effective for 2023-24 fiscal year. Reductions of \$2.2 million, which is 7% of the district's total general fund expenses, will be a significant task to accomplish in one fiscal year and we recommend the district begin planning for this monumental cut as soon as possible.

"Commitment to Quality Education for All"

As a reminder, with a qualified certification of the 2021-22 Second Interim Report the district remains subject to the following criteria:

1. Prior to entering into any collective bargaining agreement, the district must submit the proposed agreement to the county office of education and allow 10 days for this office to review and comment, in accordance with Government Code 3540.2(a).
2. During fiscal years 2022-23 and 2023-24, the district must obtain county office of education approval prior to the issuance of any non-voter approved debt, including TRAN and Certificates of Participation (COP), in accordance with Education Code 42133(a).
3. The State Controller may conduct an audit or review of the district if it is deemed necessary.

To further support the District, Fiscal Crisis and Management Assistance Team (FCMAT) will perform a fiscal health risk analysis and assess the district's Adopted Budget multi-year projection.

The district's qualified status remains until the next opportunity for a certification status update at the 2022-23 First Interim Report. The Ventura County Office of Education will forward copies of the End of Year Projection report and this letter to the Superintendent of Public Instruction and the State Controller, in accordance with Education Code 42131(e).

School district studies, reports, evaluations, or audits which indicate signs or symptoms of fiscal distress are required to be submitted as soon as they are available to the Ventura County Office of Education, School Business and Advisory Services.

We appreciate the cooperation of district staff, which is essential to our analysis of the district's fiscal health, and we continue to look forward to an ongoing collaborative working relationship. If our office can be of further assistance, please do not hesitate to contact Misty Key, Deputy Superintendent of Fiscal and Administrative Services at mkey@vcoe.org or (805) 383-1905, or Danni Brook, Executive Director of School Business and Advisory Services at dbrook@vcoe.org or (805) 383-1981.

Sincerely,



Dr. César Morales
Ventura County Superintendent of Schools

cc: State Superintendent of Public Instruction
State Controller
Fiscal Crisis and Management Assistance Team Chief Executive Officer
Eide Bailly
District Chief Business Official