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performance over the last ten years and that the District does not have a structural deficit. Your claims are incorrect and contrary to the definitions of fiscal distress and structural deficits as understood by the California Department of Education (CDE), county offices of education and the Fiscal Crisis Management Assistance Team (FCMAT).

As you may know, Education Code section 42127.6(a)(1)(A) allows the county superintendent of schools to "assign a fiscal expert" and/or "fiscal advisor" to advise a district "on its financial problems" if the district has a qualified or negative budget certification, a disapproved budget and/or a county office of education declares a "lack of going concern" in a district. The purpose of such advisement is to "ensure that the district meets its financial obligations.(Id.) The Sacramento County Office of Education ("SCOE") has assigned a fiscal advisor, Terri Ryland, to work closely with our District staff in that capacity. The District is under the fiscal oversight of SCOE per AB1200 and is required to have a fiscal advisor because our budget has been and continues to be disapproved and negatively certified.

Your letter disregards the reality of the District's budget situation, which has been and remains negatively certified. As you know, by letter dated April 12, 2021, SCOE again determined that the District's budget certification as of the 2020-2021 Second Period Interim Report was negative. SCOE noted that there are a number of factors that it is required to consider when reviewing District budget reports to ensure that they meet the standards for fiscal stability adopted by the State Board of Education. In its April 12 letter, SCOE specifically notes that:

The district has experienced a prolonged period of fiscal distress and we have not

Looking at the most recent past fiscal years, SCTA claims that the District ended each year with an unrestricted fund balance showing a surplus and therefore the District does not have a structural deficit. It appears that SCTA's claims are premised on looking at these years in isolation, and without factoring the circumstances unique to each year. For example, for the 2018-19 fiscal year, the District did end the fiscal year with a surplus of \$857,000. That surplus was the result of unspent budget dollars due to turnover of staff, mid-year budget cuts, freeze on vacant positions and deliberate slow-down of travel and supplies expenditures. And, in looking at the multi-year budget projections at the time of the 2018-

existence of a structural deficit and fiscal distress. As noted by FCMAT, “*a structural deficit is when ongoing, unrestricted expenditures and contributions exceed ongoing unrestricted revenues.*” (See FCMAT Report titled “Fiscal Health Risk Analysis” dated December 12, 2018 at p. 13.) When one looks at our District’s budgets over the recent past years, it is clear that our *ongoing* unrestricted expenditures and contributions *exceed* our *ongoing* unrestricted revenues. As noted above, this is very clearly demonstrated when the one-time savings from closing our schools due to COVID-19 are reflected. Thus, while it may be beneficial to SCTA’s narrative to look at one line on the District’s budget in isolation without consideration of the factors at play

- x [October 28, 2020 letter from SCOE](#)
- x [September 15, 2020 letter from SCOE](#)
- x [FCMAT Fiscal Health Risk Analysis dated December 12, 2018](#)