

October 28, 2020-2021 Re-Adopted Budget

Dear Superintendent Aguilar:

**BACKGROUND**

In our August 4, 2020 letter, the Sacramento County Office of Education (SCOE) **disapproved** the Sacramento City Unified School District's (SCUSD) 2020-2021 Adopted Budget. Per Education Code requirements, the district was instructed to revise the 2020-2021 Adopted Budget and submit it to this office no later than October 8, 2020. The district was also required to submit a viable, board-approved, budget-balancing plan that would reverse the deficit spending trend and support on-going expenditures from on-going revenue sources, and include a timeline showing when and how each line item adjustment would be implemented. Our office continues

## **CASH FLOW SHORTAGES**

### ***Fiscal Year 2020-2021***

Cash flow projections show the district anticipates a negative cash balance from May 2021 to September 2021 due to the Principal Apportionment Deferrals. The district will try to utilize cash flow management options such as TRANs or deferral waivers. We will work closely with the district on cash management strategies as much as is practicable.

### ***Fiscal Year 2021-2022***

Due to the use of the above-mentioned options, it appears the district may avoid cash flow insolvency in the 2020-2021 fiscal year. However, the 2021-2022 cash flow projection shows that the district anticipates a negative cash balance beginning in March 2022, again due to the Principal Apportionment Deferrals. T12,



Jorge A. Aguilar, Superintendent  
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In response to disapproval of the Re-Adopted Budget, and pursuant to Education Code sections 42127.1 through 42127.3, the County Superintendent must call for the formation of a Budget Review Committee (BRC) unless the governing board of the district and the County Superintendent agree to waive this requirement. If the district opts for the formation of the committee, the committee shall be composed of three persons from a list of candidates provided by the California State Superintendent of Public Instruction (SPI) and selected by the district's governing board. The selection must be made within five (5) working days after receipt of the list. The SPI shall convene the committee no later than five (5) working days following the selection of the committee members. No later than November 30, 2020, the BRC shall review the proposed budget of the district and .22 -1.122a-3

Jorge A. Aguilar, Superintendent