April 17, 2023

Jorge A. Aguilar, Superintendent Sacramento City Unified School District 5735 47th Avenue Sacramento, CA 95824

SUBJECT: 2022-2023 Second Period Interim Report

Dear Superintendent Aguilar:

After submission of the Second Period Interim Report, the County Superintendent of Schools is required to review the report for adherence to the State-adopted Criteria and Standards pursuant to Education Code sections 42130-31 and 33127. The district filed a Second Interim Report with a positive certification. Based on the multi-year projections and assumptions provided by the district, it appears the district will meet its 2% minimum unrestricted reserve requirement for the current fiscal year and two subsequent fiscal years. We concur with the district's positive certifica Jorge A. Aguilar, Superintendent April 17, 2023 Page 2

It is our understanding that the district has begun negotiations with the Sacramento City Teachers Association on changes to their collective bargaining agreement, including employee compensation, and will begin similar negotiations with the rest of its bargaining units. In our January 16, 2023 First Interim Report letter, we advised the district to refrain from taking actions that would result in ongoing deficit spending and maintain reserves above its current reserve policy of 5% to avoid the potential for future insolvency, budget cuts and layoffs, and the harmful impacts these have on students. We continue to advise t he district to use caution in increasing expenditures and to ensure th at it can support any increases within ongoing revenues, including increases resulting from negotiated agreements.

To ensure it can support the costs of a collective bargaining agreement, the district should conduct a pre-settlement analysis of each proposal under consideration and identify related costs or savings for the current and subsequent years and identify ongoing revenue sources or expenditure reductione cuct orrent11M0 (n)1.008 12 (3)(i)12 (cao)2 ainl s Td [(o

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(water g) on By raises of the agreement and future costs of the agreement and maintain adequate reserves.

Furthermore, Education Code section 42127(c)(2) requires the County Superintendent to **ofize**(p) fr(vTe a school district's budget that does not provide adequate assuram.w fenenen2g j 0.002 w Jorge A. Aguilar, Superintendent April 17, 2023 Page 4

We would like to thank your staff for their cooperation during our review process. If you have any questions or concerns regarding this review, please feel free to call Nicolas Schweizer, Associate Superintendent of Business Services, at (916) 228-2561.

Sincerely,

David W. Gordon Sacramento County Superintendent of Schools

DWG/NS/sl

cc: Chinua Rhodes, Board President, SCUSD Rose Ramos, Chief Business & Operations Officer, SCUSD Dr. Nancy Herota, Deputy Superintendent, SCOE Nicolas Schweizer, Associate Superintendent, SCOE Sharmila LaPorte, District Fiscal Services Director, SCOE Terri Ryland, Fiscal Advisor, SCOE