Meeting Date: March 21, 2013

Subject: Coherent Governance Operational Expectations 6 (OE-6) – Financial Administration

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: ________________)
- Conference/Action
- Action
- Public Hearing

Division: Administrative Services

Recommendation: Approve Coherent Governance Policy Operational Expectations 6 (OE-6) – Financial Administration

Background/Rationale: The Board has directed the Superintendent to provide Monitoring Reports on a regular schedule at open session Board meetings. Monitoring determines the degree to which Board policies are being met. This report is designed to share progress toward the results the Board expects to see for the school system, as well as the effectiveness of the system’s operations. This report, therefore, is a review of the organization’s performance as it relates to Operational Expectations 6 – Financial Administration.

The report includes the following information:
- The policy.
- The Superintendent’s certification.
- Reasonable Interpretation of the policy.
- Evidence of compliance.

After the Board meets in open session to discuss the report, two additional sections of the report will be completed by the Board chair:
- Disposition of the Board. (The policy is found by the Board to be “in compliance,” “in compliance with exceptions,” or “not in compliance.”)
- Comments.

The Board will discuss the data and conclusions from the Monitoring Report in open session. At the end of the discussion, the Board will vote as to whether it will accept the report, as presented, as evidence of reasonable interpretation and reasonable progress toward achieving the Board’s policy. The Board will determine whether the policy is “in compliance,” “in compliance with exceptions,” or “not in compliance.” If the policy is found to be “in compliance with exceptions,” or “not in compliance,” the Board has the option to direct the Superintendent...
to correct the non-compliance indicators and report back to the Board at a time outside the regular monitoring schedule.

**Financial Considerations**: None.

**Documents Attached:**

1. OE-6 Monitoring Report
2. Attachment A
3. Attachment B
4. Attachment C
5. Attachment D
6. Attachment E
7. Attachment F
8. Attachment G
9. Attachment H

**Estimated Time of Presentation**: 5 minutes

**Submitted by**: Jonathan P. Raymond, Superintendent

**Approved by**: N/A
PART I: THE POLICY

OE-6: Financial Administration

The Superintendent will assure that all organizational assets are adequately protected, properly maintained, appropriately used and not placed at undue risk.

PART II: SUPERINTENDENT’S CERTIFICATION

I certify that the information in this report is true for the period beginning ______________________ and ending ______________________________.

Based on this report, I believe the school system is

___ In compliance
___ In compliance with exceptions
___ Not in compliance

Signed: ________________________ Date: ____________________________
Jonathan P. Raymond, Superintendent

PART III: DISPOSITION OF THE BOARD

Based on this report and our discussion, the Board of Education finds this OE policy to be

___ In compliance
___ In compliance with exceptions
___ Not in compliance

Signed: ________________________ Date: ____________________________
Jeff Cuneo, Board President

PART IV: COMMENTS

________________________________________
________________________________________
________________________________________
________________________________________
________________________________________

PART V: INTERPRETATION

I interpret “financial activity or condition” to mean expenditures or use of fund balance without Board approval throughout the fiscal year. This does not include uncontrollable circumstances such as a major increase in energy prices, reduced revenue because of lower than projected student attendance or major unexpected maintenance expenditures.
I interpret “materially deviates” to mean material as defined by 5% of net assets/equity or ½ percent of total revenues or ½ percent of total expenditures. Further, I interpret “fiscal condition” to mean an unbalanced current year budget or actions that cause an unbalanced budget. Unbalanced current year budget is defined as having a negative fund balance.

**OE-6.1: The Superintendent will assure that payroll and legitimate debts of the district are promptly paid when due.**

**Interpretation:**

I interpret “payroll and legitimate debts of the district” to mean that all payments are legal, valid and approved by the proper district authority.

Further, I interpret “promptly paid when due” to mean that payments are made with a timeline that complies with the law, meets vendor/employee expectations and avoids late payment or finance charges.

**Indicators for Compliance:**

- System or process errors do not affect the compensation of groups of employees
- Payroll errors will be less than one percent
- Payroll deductions are distributed to the associated governmental entity or vendor within statutory, contractual or agreed upon timelines
- Other debts are paid within 30 days of receipt of invoice by Accounts Payable
- Random sampling will be done quarterly on the Escape Finance System to test that debts are paid within 30 days of receipt of invoice by Accounts Payable

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**EVIDENCE OF COMPLIANCE**

**February 2, 2012 to March 1, 2013**

- There were no system or process errors that impacted the compensation of groups of employees. No complaints were received by any bargaining units that their group of employees were impacted by a system or process error.

- From July 1, 2012 through December 31, 2012, Payroll processed $100,991,273.37 in gross payroll, 36,408 payroll warrants. During that period, due to late timesheets, changes in pay rates, new hires, and retro back pay adjustments, furloughs and payroll error corrections 727 warrants totaling $241,323.49 for an error rate of .24%. See Attachment A for example of calculation.

- Governmental entities and vendors received payroll deductions within statutory, contractual and agreed upon timelines. No notices were received that timelines were not met.

- During a six month period, 13,808 payments were made with 13,237 paid by Accounts Payable in 30 days or less, or 95.9%. A breakdown of the 571 invoices (4.1%) which were paid over 30 days after receipt of invoice is as follows:
  - 31-60 days – 349 invoices (2.5%)
  - 61-90 days – 123 invoices (0.9%)
  - 90+ days – 99 invoices (0.7%)

- Random sampling is included in the calculation above which reflects that 95.9% of payments made by Accounts Payable were completed in 30 days or less.

<table>
<thead>
<tr>
<th>Compliance Status</th>
<th>In Compliance</th>
</tr>
</thead>
</table>

2
OE-6.2: The Superintendent will assure that all purchases are based upon comparative prices of items of similar value, including consideration of both cost and long-term quality.

Interpretation:
I interpret “comparative prices of items of similar value” to mean that cost and quality are included as criteria when making purchasing decisions for items which do not require a competitive bidding process.

Indicators for Compliance:
- Purchases are in compliance with California Public Contract Code
- Purchases are made from among district negotiated price lists, State of California negotiated price lists, “piggyback” bids from other public agencies including the State or are single vendor purchases within the limits for the Procurement of Goods and Services

<table>
<thead>
<tr>
<th>EVIDENCE OF COMPLIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2, 2012 to March 1, 2013</td>
</tr>
</tbody>
</table>

- Purchasing Services Department adheres to California Public Contract Code (PCC) through the proper publication and notification of bids and RFP’s. Conformance with PCC 20650 and Education Code 81641 is followed. Notice of publication is advertised in the local newspaper; copies of publication notices are maintained on file with the bid or RFP document. See Attachment B for example.

- Purchasing Services Department utilizes California Multiple Awards Services contracts (CMAS) negotiated by the State of California for competitive price lists. There were no CMAS projects utilized this year but are available to utilize when needed.

- Piggyback bids from other public agencies are also used, as allowed by Education Code 20118. Examples of piggyback bids that were approved by the Board of Education include:
  - AMS.Net - ongoing
  - Ray Morgan Co. - ongoing

Compliance Status: In Compliance

OE-6.3: The Superintendent will use a competitive bidding procedure for the purchase of supplies, materials and equipment, and any contracted services except professional services, for all transactions in excess of $50,000.

Interpretation:
I interpret “competitive bidding procedure” to mean that the district will comply with the California Public Contract Code and the California Education Code in regards to limitations and thresholds for purchases and contracts made by public school districts.

Indicators for Compliance:
- Purchases over the limits set by California Public Contract Code are in compliance with appropriate California Public Contract Code and California Education Code
- Competitive bidding process follows the California Public Contract Code regulations or as an alternative, “piggyback” bids from other public agencies including the State as authorized by California Public Contract Code 20118 will be used as a substitute for bidding by the district if in the best interest of the district
- Requests for Proposal sealed bid process is used for purchases over the limits set by California Public Contract Code
**EVIDENCE OF COMPLIANCE**
**February 2, 2012 to March 1, 2013**

- All purchases above the legal bid limit are competitively bid and recommended bid awards are taken to the Board of Education for approval. See Attachment C for example.

- Piggyback bids are taken to the Board of Education for approval. Examples of piggyback bids that were approved by the Board of Education include:
  - AMS.Net - ongoing
  - Ray Morgan Co. - ongoing

- Requests for Proposal are issued to obtain competitive proposals/qualifications from firms that provide professional services. Examples include:
  - Architectural Services
  - Telecommunication Services
  - Student Information System
  - Employee Benefits Insurance Broker

<table>
<thead>
<tr>
<th>Compliance Status</th>
<th>In Compliance</th>
</tr>
</thead>
</table>

**OE-6.4: The Superintendent will coordinate and cooperate with the Board’s appointed Financial Auditor for an annual audit of all district funds and accounts.**

**Interpretation:**

I interpret this to mean that the district will provide timely and accurate schedules and information as requested by the Financial Auditor.

**Indicators for Compliance:**

- Financial Auditor reports no concerns regarding district cooperation with the auditing process
- Completed audits and audited results are reported to the California Department of Education in accordance with statutory guidelines

**EVIDENCE OF COMPLIANCE**
**February 2, 2012 to March 1, 2013**


- The district did not receive any notification that the Financial Audits were not filed within the statutory guidelines.

<table>
<thead>
<tr>
<th>Compliance Status</th>
<th>In Compliance</th>
</tr>
</thead>
</table>
OE-6.5: The Superintendent will make all reasonable efforts to collect any funds due the district from any source.

Interpretation:

I interpret “reasonable efforts” to mean that a procedure and ISO 9001 process is in place to generate regularly scheduled invoices for amounts due to the district and that no material (as defined by external auditor) write-off of accounts receivable are made at the end of each year.

I interpret “any funds due the district” to mean federal, state and miscellaneous/local accounts receivable in all funds (General Fund, Child Development, Adult Education, etc.) except for Student Body funds.

Indicators for Compliance:

- State and federal aid is recalculated and verified as part of the annual audit
- The prior year-end audit indicates no material (as defined by external auditor) losses anticipated from accounts receivable

### EVIDENCE OF COMPLIANCE
February 2, 2012 to March 1, 2013

- The 2012 Financial Audit did not reflect any audit adjustments related to state and federal aid. The 2012 Financial Audit can be found on the district’s website at: www.scusd.edu/financial-statements-auditors-reports.
- The 2012 Financial Audit did not reflect any audit adjustments related to accounts receivable. The 2012 Financial Audit can be found on the district’s website at: www.scusd.edu/financial-statements-auditors-reports.

**Compliance Status** In Compliance

OE-6.6: The Superintendent will keep complete and accurate financial records by funds and accounts in accordance with Generally Accepted Accounting Principles and the Governmental Accounting Standards Board.

Interpretation:

I interpret this to mean that the district will prepare accurate and timely interim and year-end financial reports in conformity with Generally Accepted Accounting Principles and the Governmental Accounting Standards Board.

Indicators for Compliance:

- Interim and year-end financial reports will conform to Generally Accepted Accounting Principles, Governmental Accounting Standards Board and California School Accounting Manual
- The prior-year audit opinion states that the district’s financial records and reporting are in compliance with Generally Accepted Accounting Principles and Governmental Accounting Standards Board

### EVIDENCE OF COMPLIANCE
February 2, 2012 to March 1, 2013

- Interim reports are prepared on state required forms and presented to the Board of Education within prescribed timelines. These forms conform to GAAP, GASB and CSAM methods. See Attachment D for example.
The 2012 Financial Audit report states, “In our opinion, the financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Sacramento City Unified School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.” The 2012 Financial Audit can be found on the district’s website at: [www.scusd.edu/financial-statements-auditors-reports](http://www.scusd.edu/financial-statements-auditors-reports).

**OE-6.7: The Superintendent will publish an annual external Financial Audit in addition to an Adopted Budget and First and Second Interim Financial Reports as prescribed by State and Education Code guidelines.**

**Interpretation:**

I interpret “publish” to mean that the district makes the Adopted Budget, Interim Financial Reports and Year-End External Financial Audit available to the public in written and electronic form.

I interpret “annual external Financial Audit in addition to an Adopted Budget and First and Second Interim Financial Reports” to mean reports adopted or reviewed by the Board.

**Indicators for Compliance:**

- Adopted Budget, Interim Financial Reports and Year-End External Financial Audit is presented to the Board
- Adopted Budget, Interim Financial Reports and Year-End External Financial Audit is available to the public in written form and in electronic form on the district’s website

**EVIDENCE OF COMPLIANCE**

**February 2, 2012 to March 1, 2013**

- The 2012-13 Adopted Budget was presented to the Board of Education on 6/21/12. Interim Financial Reports for 2011-12 and 2012-13 were presented to the Board of Education on 3/15/12, 5/17/12 and 12/20/12. The Financial Audit for the year ending 6/30/12 was presented to the Board of Education on 1/10/13. See Attachment E for examples of agenda items.

- The Adopted Budget, Interim Financial Reports and the Year-End External Audit are presented to the Board and public in written form and are also available on the district’s website at:
  - Adopted Budget: [www.scusd.edu/board-meeting-archive](http://www.scusd.edu/board-meeting-archive). Then go to the meeting date.
  - Interim Financial Reports: [www.scusd.edu/board-meeting-archive](http://www.scusd.edu/board-meeting-archive). Then go to the meeting date.
  - External Audit: [www.scusd.edu/financial-statements-auditors-reports](http://www.scusd.edu/financial-statements-auditors-reports).

**Compliance Status**

In Compliance
OE-6.8: The Superintendent may not expend more funds than have been received in the fiscal year unless revenues are made available through other legal means, including the use of fund balances, the transfer of funds from reserve funds or from Certificates of Participation or parcel taxes.

Interpretation:

I interpret “may not expend more funds than have been received” to mean that the district must produce a balanced budget with revenues (as defined by Generally Accepted Accounting Principles) equal to or exceeding expenditures (as defined by Generally Accepted Accounting Principles) unless the district uses authorized reserves from the fund balance or other authorized district funds.

Indicators for Compliance:

- The Board receives financial reports indicating changes to fund balances and reserves
- The district’s fund balances include the required amount of reserve for economic uncertainties
- Year-end fund balances meet or exceed the Board approved budget with the exception of differences due to routine business such as the timing of budgeted revenues or expenses
- Board approval for use of reserves

<table>
<thead>
<tr>
<th>EVIDENCE OF COMPLIANCE</th>
<th>February 2, 2012 to March 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>• In addition to the Adopted Budget, Interim Financial Reports and the Year-End Financial Statements, the Board of Education received Budget Revisions on 3/15/12, 5/17/12 and 12/20/12.</td>
<td></td>
</tr>
<tr>
<td>• Page 68 of the 2012 Financial Audit reflects a 2.2% Reserve for Economic Uncertainty which meets the required amount for the district. The 2012 Financial Audit can be found on the district’s website at <a href="http://www.scusd.edu/financial-statements-auditors-reports">www.scusd.edu/financial-statements-auditors-reports</a>.</td>
<td></td>
</tr>
<tr>
<td>• The Unaudited Actual Financial Report presented to the Board of Education on 10/4/12 reflected year-end fund balances. There were no audit adjustments to any fund balance.</td>
<td></td>
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</tbody>
</table>

Compliance Status: In Compliance

OE-6.9: The Superintendent may not indebt the organization.

Interpretation:

I interpret “indebt the organization” to mean that any new debt, other than routine liabilities, will be Board approved. Routine liabilities will include such items as payroll due to hiring of staff, accounts payable and Board approved contracts.

Indicators for Compliance:

- Any new debt such as Certificates of Participation or Tax Revenue and Anticipation Notes will have Board approval
- Alignment with Board approved budget
# EVIDENCE OF COMPLIANCE
February 2, 2012 to March 1, 2013

- The Tax Revenue Anticipation Notes (TRAN) was approved by the Board of Education on 5/3/12. Back up details for this item can be found on the district’s website at: [www.scusd.edu/board-meeting-archive](http://www.scusd.edu/board-meeting-archive). Then go to the meeting date.

- As part of the Board agenda items, financial considerations are outlined in the agenda cover page and executive summary. See Attachment F for example.

<table>
<thead>
<tr>
<th>Compliance Status</th>
<th>In Compliance</th>
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**OE-6.10: The Superintendent may not expend monies from reserve funds.**

**Interpretation:**
I interpret “expend monies from reserve funds” to mean that the district will not, without direct Board approval or through the budgeting process use funds in either a reserve fund set aside by Generally Accepted Accounting Principles or a Board controlled designated reserve fund.

**Indicators for Compliance:**
- Interim and year-end reports for the current year will reflect reserves in line with Board approved use of reserve funds
- Maintain 2% Reserve for Economic Uncertainties unless Board authorized reduction
- Annual Financial Audit will reflect 2% reserve
- First and Second Interim Financial Reports will reflect Board approved Reserve for Economic Uncertainties for the current year

# EVIDENCE OF COMPLIANCE
February 2, 2012 to March 1, 2013

- The 2012-13 Adopted Budget was presented to the Board of Education on 6/21/12. Interim Financial Reports for 2011-12 and 2012-13 were presented to the Board of Education on 3/15/12, 5/17/12 and 12/20/12. The Financial Audit for the Year Ending 2012 was presented to the Board of Education on 1/10/13. All reports reflect reserves in line with Board of Education approvals for the use of reserves.

- No Board of Education authorization was received to reduce the required 2% Reserve for Economic Uncertainties. All reports reflect the current year meeting the required reserve.

- Page 68 of the 2012 Financial Audit reflects a 2.2% Reserve for Economic Uncertainty which meets the required amount for the district. The 2012 Financial Audit can be found on the district’s website at: [www.scusd.edu/financial-statements-auditors-reports](http://www.scusd.edu/financial-statements-auditors-reports).

- Interim Financial Reports, as noted above, reflect the required Board approved Reserve for Economic Uncertainties for the current year. See Attachment G for example.

<table>
<thead>
<tr>
<th>Compliance Status</th>
<th>In Compliance</th>
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</table>
**OE-6.11: The Superintendent may not permanently transfer money from one fund to another.**

**Interpretation:**

I interpret this to mean that the district will not make permanent financial transfers between funds, which are not Board approved and according to Generally Accepted Accounting Principles. Temporary transfers of funds per the California Education Code will be allowed as long as a “blanket” resolution authorizing temporary transfers between funds for cash flow purposes is approved by the Board during the fiscal year.

**Indicators for Compliance:**

- All actual financial transfers between funds are included in the annual budget approved by the Board or are separately approved by the Board.

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<thead>
<tr>
<th>EVIDENCE OF COMPLIANCE</th>
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<td>February 2, 2012 to March 1, 2013</td>
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- In addition to the Adopted Budget, Interim Financial Reports and the Year-End Financial Statements, the Board of Education received Budget Revisions on 3/15/12, 5/17/12 and 12/20/12. www.scusd.edu/board-meeting-archive. Then go to the meeting date.

**Compliance Status**

In Compliance

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**OE-6.12: The Superintendent may not allow any required reports to be overdue or inaccurately filed.**

**Interpretation:**

I interpret this to mean that all necessary reports (defined as federal, state or county required reports) related to the district’s financial activity will be filed accurately and when due.

**Indicators for Compliance:**

- Accurate and timely Interim and Year-End Reports will be presented to the Board that conform to Generally Accepted Accounting Principles and the California School Accounting Manual.
- The district did not receive formal notification of any required financial reports that have not been filed accurately or returned funds due to reports that were past due.

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<th>EVIDENCE OF COMPLIANCE</th>
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<tr>
<td>February 2, 2012 to March 1, 2013</td>
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- Interim and Year-End Reports are prepared on state required forms and presented to the Board of Education within prescribed time lines:
  - First Interim by 12/15
  - Second Interim by 3/15
  - Third Interim by 6/15
  - Year-End Reports by 9/30

  These forms, used by all school districts in California, conform to GAAP, GASB and CSAM methods.

- No formal notifications were received by the district indicating that financial reports were not filed accurately. No funds were returned due to reports that were past due.

**Compliance Status**

In Compliance
OE-6.13: The Superintendent may not receive, process or disburse funds under controls that are insufficient under generally accepted accounting procedures.

Interpretation:

I interpret this to mean that internal controls over the financial reporting process and over compliance are annually evaluated and documented, and are in compliance with Generally Accepted Accounting Principles. Internal controls will also be in compliance with other related requirements established under Governmental Accounting Standards Board and by OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations.

Indicators for Compliance:

- Budget staff monitor school site and program transactions to ensure expenditures are in compliance with required guidelines
- An unqualified audit opinion with no material weaknesses or significant deficiencies is received in the annual Financial Audit
- ISO 9001 processes and procedures are documented and available for employees to access

<table>
<thead>
<tr>
<th>EVIDENCE OF COMPLIANCE</th>
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<tr>
<td>February 2, 2012 to March 1, 2013</td>
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- Budget staff approve purchasing requisitions prior to the actual expenditure taking place. At that time, the purchase is reviewed for appropriateness using the particular funding source for guidelines. In addition, outside of the budget department, the Performance Management Specialist monitors school site categorical budgets to ensure conformity with requirements, guidelines and regulations. See Attachment H for example of a purchase requisition with approvals.

- Page 84 of the 2012 Financial Audit indicates that no material weaknesses were identified. The 2012 Financial Audit can be found on the district’s website at: www.scusd.edu/financial-statements-auditors-reports.

- ISO 9001 process and procedures are documented and available for employees to use by accessing the district’s intranet page. All forms indicate the department that created them and a four digit identification number. The district’s intranet can be accessed through: www.scusd.edu/intranet.

| Compliance Status | In Compliance |
Payroll Detail

Pay Date 07/01/2012 through 12/31/2012

<table>
<thead>
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<th>Employee</th>
<th>(ID) SSN4</th>
<th>Check/ACH</th>
<th>Net Pay</th>
<th>Gross</th>
<th>Retirement</th>
<th>OASDI</th>
<th>Medi</th>
<th>Taxes</th>
<th>Misc Red</th>
<th>Misc Ded</th>
<th>Summer Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total for Sacramento City Unified School District</td>
<td></td>
<td></td>
<td>79,165,068.75</td>
<td>7,474,595.12</td>
<td>1,369,057.83</td>
<td>4,385,217.36</td>
<td>8,503,337.60</td>
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<tr>
<td>Employees</td>
<td>6,421</td>
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<tr>
<td>ACH</td>
<td>30,589</td>
<td></td>
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</tbody>
</table>

Pay01a

Pay Date 07/05/2012 through 12/21/2012

| | 241,317.08 | 504 |
| | 6.41 | 176 |
| | 241,323.49 | 727 |

\[
\frac{241,323.49}{100,991,273.37} = \text{Percentage of Dollar Adjustments} = 0.24\%
\]
## Invoice Details

**DUE UPON RECEIPT**

<table>
<thead>
<tr>
<th>Type</th>
<th>Order No</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice</td>
<td>A2161062</td>
<td>PAPER &amp; TRAY PRODUCTS #110805 GOV2 GOVERNMENT LEGAL NOTICE (77589) THE DAILY RECORDER 06/22, 09/29/2011</td>
<td>92.40</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 16.50 x 2.80 inches x 2 Inserts</td>
<td>92.40</td>
</tr>
</tbody>
</table>

**PLEASE PROCESS FOR PAYMENT IMMEDIATELY. DUE UPON RECEIPT.**

Please make check payable to: Daily Journal Corporation

<table>
<thead>
<tr>
<th>Invoice Date</th>
<th>Invoice Number</th>
<th>Customer Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/29/2011</td>
<td>A2161062</td>
<td>1124105274</td>
</tr>
</tbody>
</table>

**Government Advertising - Division 1124**

<table>
<thead>
<tr>
<th>DAILY JOURNAL CORPORATION</th>
<th>KAREN BOWMAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>CALIFORNIA NEWSPAPER SERVICE BUREAU</td>
<td>SAC. CITY USD PURCHASING/CONTRACTS</td>
</tr>
<tr>
<td>ATTN: ACCOUNTS RECEivable</td>
<td>3051 REDDING AVE</td>
</tr>
<tr>
<td>PO BOX 54026</td>
<td>SACRAMENTO, CA 95820 USA</td>
</tr>
<tr>
<td>LOS ANGELES, CA 90054-0026</td>
<td></td>
</tr>
</tbody>
</table>
RECOMMENDED BID AWARDS – Supplies/Equipment

Bid No. 110805 Nutrition Services – Paper and Tray Products

Recommendation: See Below
Amount: Awarded to seven (7) vendors in the amounts listed below:

Funding Source: Nutrition Services

This bid award is for Nutritional Services Paper and Tray Product. This is a one (1) year bid with the possibility of two (2), one (1) year extensions. Purchasing Services recommends the listed vendors based on established bid criteria as the lowest responsive bidders meeting specifications.

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>BIDDER LOCATION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sysco Sacramento, Inc. (Trays)</td>
<td>Pleasant Grove CA</td>
<td>$187,775.00</td>
</tr>
<tr>
<td>Monahan Paper (Foil, Trays, Wrap)</td>
<td>Oakland CA</td>
<td>$98,922.50</td>
</tr>
<tr>
<td>P&amp;R Paper Product (Trays, Containers)</td>
<td>Redlands CA</td>
<td>$80,318.85</td>
</tr>
<tr>
<td>Bunzl Industries (Pan liners, Scour pads)</td>
<td>Tracy CA</td>
<td>$24,005.15</td>
</tr>
<tr>
<td>Central Sanitary Supply (Containers)</td>
<td>Modesto CA</td>
<td>$13,447.00</td>
</tr>
<tr>
<td>American-Tex Chem Corp. (Sporks)</td>
<td>San Bernardino CA</td>
<td>$11,700.00</td>
</tr>
<tr>
<td>Cleansource (Gloves)</td>
<td>San Jose CA</td>
<td>$499.80</td>
</tr>
</tbody>
</table>

Line items 16, 17, 19 & 20 of warehouse delivery items are not awarded due to incomplete specifications.

APPROVAL OF DECLARED SURPLUS MATERIALS AND EQUIPMENT

<table>
<thead>
<tr>
<th>ITEM</th>
<th>SITE/DEPARTMENT</th>
<th>TOTAL VALUE</th>
<th>DISPOSAL METHOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Equipment</td>
<td>Cesar E. Chavez Elementary</td>
<td>None</td>
<td>Recycle</td>
</tr>
<tr>
<td></td>
<td>Child Development, Serna Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Crocker/Riverside Elementary</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Edward Kemble Elementary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audio/Visual Equipment</td>
<td>Crocker/Riverside Elementary</td>
<td>None</td>
<td>Recycle</td>
</tr>
</tbody>
</table>

RECOMMENDED BID AWARDS – FACILITIES PROJECTS

No. PC11-700-0004-0144 Lease-Leaseback Agreement for Alice Birney/Hubert Bancroft Portable Moves

Results and recommendations will be available at Board meeting

October 6, 2011
<table>
<thead>
<tr>
<th>Description</th>
<th>Resource Codes</th>
<th>Object Codes</th>
<th>Original Budget (A)</th>
<th>Board Approved Operating Budget (B)</th>
<th>Actuals To Date (C)</th>
<th>Projected Year Totals (D)</th>
<th>Difference (Col B &amp; D) (E)</th>
<th>% Diff (E/B) (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Revenue Limit Sources</td>
<td>6010-0099</td>
<td></td>
<td>203,532,750.14</td>
<td>220,572,465.32</td>
<td>22,166,599.48</td>
<td>220,572,465.32</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>2) Federal Revenue</td>
<td>8100-8299</td>
<td></td>
<td>40,200,765.00</td>
<td>53,482,288.19</td>
<td>5,499,518.20</td>
<td>53,482,288.19</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>3) Other State Revenue</td>
<td>8300-8699</td>
<td></td>
<td>101,253,099.00</td>
<td>104,869,785.48</td>
<td>29,280,121.43</td>
<td>104,869,785.48</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>4) Other Local Revenue</td>
<td>8600-8799</td>
<td></td>
<td>2,449,550.07</td>
<td>5,399,864.74</td>
<td>2,979,574.27</td>
<td>5,399,864.74</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>5) TOTAL, REVENUES</td>
<td></td>
<td></td>
<td>347,435,074.21</td>
<td>384,323,403.73</td>
<td>69,925,653.38</td>
<td>384,323,403.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. EXPENDITURES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Certificated Salaries</td>
<td>1000-1899</td>
<td></td>
<td>150,518,765.55</td>
<td>159,612,343.00</td>
<td>34,051,195.89</td>
<td>159,612,343.00</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>2) Classified Salaries</td>
<td>2000-2099</td>
<td></td>
<td>44,745,070.00</td>
<td>47,366,342.96</td>
<td>14,098,231.27</td>
<td>47,366,342.96</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>3) Employee Benefits</td>
<td>3000-3999</td>
<td></td>
<td>96,654,613.00</td>
<td>104,445,894.22</td>
<td>23,632,182.78</td>
<td>104,445,894.22</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>4) Books and Supplies</td>
<td>4000-4999</td>
<td></td>
<td>15,178,242.95</td>
<td>22,126,387.23</td>
<td>7,048,144.28</td>
<td>22,126,387.23</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>5) Services and Other Operating Expenditures</td>
<td>5000-5999</td>
<td></td>
<td>40,071,621.00</td>
<td>53,665,557.92</td>
<td>11,594,242.00</td>
<td>53,665,557.92</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>6) Capital Outlay</td>
<td>6000-6999</td>
<td></td>
<td>238,972.00</td>
<td>395,333.03</td>
<td>105,660.52</td>
<td>395,333.03</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>7) Other Outgo (excluding Transfers of Indirect Costs)</td>
<td>7100-7299</td>
<td></td>
<td>2,125,600.00</td>
<td>2,166,685.12</td>
<td>28,085.12</td>
<td>2,166,685.12</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>8) Other Outgo - Transfers of Indirect Costs</td>
<td>7400-7499</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9) TOTAL, EXPENDITURES</td>
<td></td>
<td></td>
<td>349,145,642.21</td>
<td>388,622,585.42</td>
<td>38,456,943.20</td>
<td>388,622,585.42</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</td>
<td></td>
<td></td>
<td>(1,710,568.00)</td>
<td>(4,599,181.69)</td>
<td>(25,430,914.92)</td>
<td>(4,599,181.69)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**D. OTHER FINANCING SOURCES/USES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Resource Codes</th>
<th>Object Codes</th>
<th>Original Budget (A)</th>
<th>Board Approved Operating Budget (B)</th>
<th>Actuals To Date (C)</th>
<th>Projected Year Totals (D)</th>
<th>Difference (Col B &amp; D) (E)</th>
<th>% Diff (E/B) (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Interfund Transfers</td>
<td></td>
<td>8600-8929</td>
<td>710,568.00</td>
<td>710,568.00</td>
<td>0.00</td>
<td>710,568.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>2) Interfund Transfers</td>
<td>7600-7629</td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>3) Interfund Transfers</td>
<td></td>
<td>8900-9999</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>4) TOTAL, OTHER FINANCING SOURCES/USES</td>
<td></td>
<td></td>
<td>710,568.00</td>
<td>710,568.00</td>
<td>0.00</td>
<td>710,568.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### F. FUND BALANCE, RESERVES

#### 1) Beginning Fund Balance
- **a) As of July 1 - Unaudited**
  - **9791**: 15,377,665.00
  - **Board Approved Operating Budget (E)**: 21,113,495.14
  - **Actuals To Date (C)**: 21,113,495.14
- **b) Audit Adjustments**
  - **9793**: 0.00
  - **Board Approved Operating Budget (E)**: 0.00
  - **Actuals To Date (C)**: 0.00
- **c) As of July 1 - Audited (F1a + F1b)**
  - **9791**: 15,377,665.00
  - **Board Approved Operating Budget (E)**: 21,113,495.14
  - **Actuals To Date (C)**: 21,113,495.14
- **d) Other Restatements**
  - **9795**: 0.00
  - **Board Approved Operating Budget (E)**: 0.00
  - **Actuals To Date (C)**: 0.00
- **e) Adjusted Beginning Balance (F1c + F1d)**
  - **9791**: 15,377,665.00
  - **Board Approved Operating Budget (E)**: 21,113,495.14
  - **Actuals To Date (C)**: 21,113,495.14

#### 2) Ending Balance, June 30 (E + F1e)
- **9791**: 14,377,665.00
- **Board Approved Operating Budget (E)**: 17,224,881.45
- **Actuals To Date (C)**: 17,224,881.45

#### Components of Ending Fund Balance

**a) Nonspendable**
- **Revolving Cash**
  - **9711**: 225,000.00
  - **Board Approved Operating Budget (E)**: 225,000.00
  - **Actuals To Date (C)**: 225,000.00
- **Stores**
  - **9712**: 320,000.00
  - **Board Approved Operating Budget (E)**: 320,000.00
  - **Actuals To Date (C)**: 320,000.00
- **Prepaid Expenditures**
  - **9713**: 0.00
  - **Board Approved Operating Budget (E)**: 0.00
  - **Actuals To Date (C)**: 0.00
- **All Others**
  - **9719**: 0.00
  - **Board Approved Operating Budget (E)**: 0.00
  - **Actuals To Date (C)**: 0.00

**b) Restricted**
- **9740**: 4,823,236.00
  - **Board Approved Operating Budget (E)**: 4,118,059.68
  - **Actuals To Date (C)**: 4,118,059.68

**c) Committed**
- **Stabilization Arrangements**
  - **9750**: 0.00
  - **Board Approved Operating Budget (E)**: 0.00
  - **Actuals To Date (C)**: 0.00
- **Other Commitments**
  - **9760**: 0.00
  - **Board Approved Operating Budget (E)**: 0.00
  - **Actuals To Date (C)**: 0.00

**d) Assigned**
- **Other Assignments**
  - **9780**: 29,608.23
  - **Board Approved Operating Budget (E)**: 3,582,000.00
  - **Actuals To Date (C)**: 3,582,000.00

**Other Assignments**
- **Reserve for Declining ADA/Cash Deficit**
  - **9780**: 29,608.23
- **Reserve for 2013-14 Budget**
  - **9780**: 3,582,000.00
- **Unassigned/Final Appropriated**
- **Reserve for Economic Uncertainties**
  - **9789**: 8,979,821.77
  - **Board Approved Operating Budget (E)**: 8,979,821.77
  - **Actuals To Date (C)**: 8,979,821.77
- **Unassigned/Unappropriated Amount**
  - **9790**: 0.00
  - **Board Approved Operating Budget (E)**: 0.00
  - **Actuals To Date (C)**: 0.00
Meeting Date: June 21, 2012

Subject: Public Hearing and Adoption of Proposed Fiscal Year 2012-13 Budget for All Funds

☐ Information Item Only
☐ Approval on Consent Agenda
☐ Conference (for discussion only)
☐ Conference/First Reading (Action Anticipated: ________)
☒ Conference/Action
☐ Action
☐ Public Hearing

Division: Administrative Services

Recommendation: Conduct a public hearing on the proposed 2012-13 Budget for all funds and adopt the proposed 2012-13 Budget for all funds.

Background/Rationale: By June 30th of each year, the school district must adopt a budget for all funds for the ensuing fiscal year. Prior to adoption of the budget, the Board must conduct a public hearing. This is in accordance with state prescribed procedures for single budget adoption, which require that the budget be adopted and submitted to the County Office of Education on state required forms by June 30th. The 2012-13 budget establishes expenditure authority for the district to conduct business in the coming year.

The proposed 2012-13 budget is based on the May Revise that was presented by the Governor on May 14, 2012, but incorporates recommendations from the Sacramento County Office of Education. While the Governor’s May Revise is a very significant event in the process, the final impact to the district will not be known until the State Budget is signed. School districts have 45 days after the final state budget is signed to amend and resubmit their budget. In addition, the tax initiative election in November is a critical piece of the 2012-13 Adopted Budget which adds to the uncertainty.

The complete set of state required forms is quite voluminous and will be available on the district’s website.

Financial Considerations: The proposed budget establishes expenditure authority for all funds.

Documents Attached:
1. Executive Summary
2. Adopted Budget documents are available for viewing in the Board of Education Office and on the web at http://www.s cusd.edu/regular-board-education-meeting/regular-board-meeting-june-21-2012

Estimated Time of Presentation: 15 Minutes
Submitted by: Patricia A. Hagemeyer, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent
Meeting Date: March 15, 2012

Subject: 2011-12 Second Interim Financial Report

Division: Administrative Services


Background/Rationale: Education Code Section 42130 requires school districts to prepare Interim Financial Reports each year. The intent of these reports is to provide an "early warning" system to indicate whether a district can meet its current or future year financial obligations. This is the second of three interim financial reports presented to the Board of Education for the 2011-12 year. The report provides financial information as of January 31, 2012.

Financial Considerations: With current projections and assumptions based on known information, the district believes it will end the current year in a positive financial condition. However, as discussed at several Board meetings and community budget meetings, the projected worst case budget deficit for 2012-13 is $43 million. Fifteen ($15) million is due to anticipated additional reduced revenues if the Governor's tax initiatives are not approved by voters in November 2012. At the February 2, 2012 meeting, the Board took actions totaling $28.9 million to help reduce the overall deficit. Staff and bargaining unit partners are working together to identify possible solutions to the additional shortfall. Despite the balanced current year and subsequent year budget balancing actions, staff are recommending a "qualified" certification status. This status indicates that the district cannot certify that it will meet its financial obligations for the current fiscal year and two subsequent years, as required for a "positive" certification by the Sacramento County Office of Education.

Documents Attached:
1. Executive Summary
2. 2011-12 Second Interim Financial Report

Estimated Time of Presentation: 15 minutes
Submitted by: Gerardo Castillo, CPA, Director III, Budget Services
Approved by: Patricia A. Hagemeyer, Chief Business Officer
Meeting Date: May 17, 2012

Subject: 2011-12 Third Interim Financial Report and Preliminary May Revise Update

☐ Information Item Only
☐ Approval on Consent Agenda
☐ Conference (for discussion only)
☐ Conference/First Reading (Action Anticipated: ________)
☒ Conference/Action
☐ Action
☐ Public Hearing

Division: Administrative Services


Background/Rationale: Education Code Section 42130 requires school districts to prepare Interim Financial Reports each year. The intent of these reports is to provide an "early warning" system to indicate whether a district can meet its current or future year financial obligations. This is the third of three Interim Financial Reports presented to the Board of Education for the 2011-12 year. The report includes financial information as of April 30, 2012 as requested by the Sacramento County Office of Education. While the Governor's January budget projection for 2012-13 was devastating to our district, the May Revise information is still unknown and not reflected in the Third Interim Report. Very difficult decisions have been made in order to ensure a balanced budget for the current and outlying years. It appears the May Revise will not provide any state relief.

Financial Considerations: The district will take all necessary actions to ensure balanced budgets that maintain the required Economic Uncertainties Reserve as specified for the 2011-12, 2012-13 and 2013-14 fiscal years. The Board approved recommendations to address the projected deficit for 2012-13 and will take the appropriate action for 2013-14.

Documents Attached:
1. Executive Summary
2. 2011-12 Third Interim Financial Report

Estimated Time of Presentation: 20 Minutes
Submitted by: Gerardo Castillo, CPA, Director III, Budget Services
Approved by: Patricia A. Hagemeyer, Chief Business Officer
Meeting Date: December 20, 2012

Subject: 2012-13 First Interim Financial Report

☐ Information Item Only
☐ Approval on Consent Agenda
☐ Conference (for discussion only)
☒ Conference/First Reading (Action Anticipated: ____________)
☐ Conference/Action
☐ Action
☐ Public Hearing

Division: Administrative Services


Background/Rationale: Education Code Section 42130 requires school districts to prepare Interim Financial Reports each year. The intent of these reports is to provide an “early warning” system to indicate whether a district can meet its current or future year financial obligations. This is the first of two interim financial reports presented to the Board of Education for the 2012-13 year. The report provides financial information as of October 31, 2012.

Financial Considerations: With the approval of proposition 30, the district will not be facing mid-year revenue reductions. At this time, without any mid-year revenue reductions, the 2012-13 budget is balanced and the district believes it will end the current year in a positive financial condition. Due to anticipated reduced federal revenues of 8.5%, declining enrollment and increased costs for the two subsequent years, the district is filing a “qualified” certification status. This status indicates that the district cannot certify that it will meet its financial obligations for the current fiscal year and two subsequent years. As required for a “positive” certification by the Sacramento County Office of Education, Board action must be taken on all necessary budget adjustments for 2013-14 and 2014-15 and the district must maintain its required 2% reserve for economic uncertainties.

Documents Attached:
1. Executive Summary
2. 2012-13 First Interim Financial Report

Estimated Time of Presentation: 10 minutes
Submitted by: Gerardo Castillo, CPA, Director III, Budget Services
Approved by: Richard E. Odegaard, Interim Chief Business Officer
Meeting Date: January 10, 2013

Subject: Independent Audit Report for the Fiscal Year Ended June 30, 2012, Submitted by Crowe Horwath LLP

✓ Information Item Only
☐ Approval on Consent Agenda
☐ Conference (for discussion only)
☐ Conference/First Reading (Action Anticipated: _____________)
☐ Conference/Action
☐ Action
☐ Public Hearing

Division: Administrative Services


Background/Rationale: Education Code Section 41020, requires school districts to conduct an annual audit of all funds under the jurisdiction of the Governing Board. The Sacramento City Unified School District is currently under contract with Crowe Horwath LLP to conduct this annual audit of district records.

Crowe Horwath LLP has completed the audit for the 2011-12 fiscal year. State law requires that the Board of Education review the annual audit report. These reports are filed with the County Superintendent, State Department of Education and the State Controller’s Office.

Financial Considerations: Contract for audit services - $66,500.

Documents Attached:
1. Executive Summary

Estimated Time of Presentation: 10 Minutes
Submitted by: Richard E. Odegaard, Interim Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent
Meeting Date: June 14, 2012

Subject: Public Hearing and Action on Resolution No. 2708: State Categorical Program Flexibility (Tier III) Transfer and 2012-13 Budget Update

☐ Information Item Only
☐ Approval on Consent Agenda
☐ Conference (for discussion only)
☐ Conference/First Reading (Action Anticipated: ________)
☐ Conference/Action
☐ Action
☐ Public Hearing

Division: Administrative Services

Recommendation: Approve Resolution # 2708 State Categorical Flexibility (Tier III) Transfer and 2012-13 Budget Update

Background/Rationale: Assembly Bill (AB) 189 (Chapter 606/2011), effective January 1, 2012, changes the public hearing requirement regarding the use of the State Categorical Program Flexibility (Tier III) funds. The public hearing meeting must be held prior to and independent of the meeting at which the 2012-13 annual budget will be adopted. AB 189 also requires a governing board to identify any program that is proposed to be closed in the agenda of the public hearing. All closed programs subject to Tier III funding requirements are listed on Attachment A. As part of the public hearing, testimony from the public, approval or disapproval of the proposed use of funding and explicit purposes for which the funding will be used must be established.

Senate Bill X3-4 authorizes districts and county offices to transfer funds received for approximately 40 programs to “any educational purpose, to the extent permitted by federal law.” This flexibility allows the Board of Education to use categorical funds based on the district’s goals for student achievement and to direct these limited resources to priorities set by the district.

Staff will present for information an update on the 2012-13 fiscal year budget.

Financial Considerations: $5,035,166 from closed programs used for other educational purposes.

Documents Attached:
1. Executive Summary
2. State Categorical Tier III Programs
3. Resolution No. 2708: State Categorical Program Flexibility (Tier III) Transfer

Estimated Time of Presentation: 15 Minutes
Submitted by: Patricia A. Hagemeyer, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent
AB189 states that the public hearing be held prior to and independent of a meeting where the governing board of a school district adopts a budget. AB189 also requires the governing board to identify the program or programs to be closed before the public hearing.

III. Budget:

The attachment outlines Tier III funds received by the district. This attachment also reflects the amount of funds originally received by the district in 2008-09 as well as reductions from 2010-11 through the proposed 2012-13 year. Savings from reduced or closed programs will be transferred from the Tier III program to the unrestricted general fund, utilizing the Standardized Account Code Structure (SACS) resource code 0000. Funds will be used for instruction and instructional related purposes. Those programs that are not closed will use funds as identified below with the SACS function codes:

<table>
<thead>
<tr>
<th>Program</th>
<th>Function/Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cal Safe Child Care Services</td>
<td>1000/Instruction</td>
</tr>
<tr>
<td></td>
<td>2100/Instructional Supervision</td>
</tr>
<tr>
<td>Community Day School</td>
<td>1000/Instruction</td>
</tr>
<tr>
<td>Gifted and Talented Education</td>
<td>1000/Instruction</td>
</tr>
<tr>
<td></td>
<td>2100/Instructional Supervision</td>
</tr>
<tr>
<td>Instructional Materials Block Grant</td>
<td>1000/Instruction</td>
</tr>
<tr>
<td>International Baccalaureate</td>
<td>1000/Instruction</td>
</tr>
<tr>
<td>Professional Development Block Grant</td>
<td>1000/Instruction</td>
</tr>
<tr>
<td>Regional Occupational Block Grant</td>
<td>1000/Instruction</td>
</tr>
<tr>
<td></td>
<td>2100/Instructional Supervision</td>
</tr>
<tr>
<td></td>
<td>3110/Guidance and Counseling</td>
</tr>
<tr>
<td></td>
<td>8100/Plant Maintenance</td>
</tr>
<tr>
<td>School Safety Competitive Grant</td>
<td>8300/Security</td>
</tr>
<tr>
<td>Targeted Instructional Improvement Block Grant</td>
<td>2100/Instructional Supervision</td>
</tr>
<tr>
<td></td>
<td>2420/Instructional Library-Media</td>
</tr>
<tr>
<td></td>
<td>2495/Parent Participation</td>
</tr>
</tbody>
</table>

In order to avoid a loss of average daily attendance by the elimination of co-curricular activities, staff will make the following recommendation on June 21: provide $1,004,000 in funding for co-curricular activities.

This would fund some stipends (not all) and athletic transportation funding would be reduced by half. The funding for this program would come from the closure of Freeport Elementary School as well as savings from total reductions approved by the Board on February 2, 2012 and the projected amount of funds needed to balance the budget for 2012-13.
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Meeting Date: March 1, 2012

Subject: Resolution No. 2687: Authorizing the Issuance and Sale of the 2011-12 Tax and Revenue Anticipation Notes (TRAN)

Division: Administrative Services

Recommendation: Approve Resolution No. 2687, Authorizing the Issuance and Sale of the 2011-12 Tax and Revenue Anticipation Notes (TRAN).

Background/Rationale: Tax and Revenue Anticipation Notes (TRAN) are authorized by law for use by school districts. TRANs are short-term borrowing instruments used by school districts to meet cash flow short falls of the General Fund caused by the uneven distribution of revenues, primarily state aid and property taxes. The TRANs are commonly issued by school districts. Our district has issued TRANs in previous years.

During periods when the TRAN proceeds are not required to meet current operating expenses, the proceeds may be invested in a higher-yield, interest-bearing account. The additional interest earnings help to offset the costs of the TRAN issuance. Due to the state of the current financial market, the interest earned will not offset the issuance costs. The worst case estimated cost to the district is $708,900.

District staff is working with a TRAN financing team to assist with the issuance. The financing team includes financial advisory services provided by KNN and bond counsel services provided by Orrick, Herrington and Sutcliffe. The 2011-12 Tax and Revenue Anticipation Notes, not to exceed $80 million, will be sold by a negotiated sale on or about April 11, 2012.

Financial Considerations: The potential net cost of approximately $700,000 to $780,000 is an estimate depending on final interest rates and terms.

Documents Attached:
1. Executive Summary
2. Draft Resolution No. 2687
3. Draft Preliminary Official Statement
4. Note Purchase Contract
5. Paying Agent Agreement
6. Continuing Disclosure Agreement

Estimated Time: 5 minutes
Submitted by: Patricia A. Hagemeyer, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent
<table>
<thead>
<tr>
<th>Description</th>
<th>Object Codes</th>
<th>Projected Year Totals (Form 01)</th>
<th>% Change (Cols. C-A/A)</th>
<th>2013-14 Projection (C)</th>
<th>% Change (Cols. E-D/E-C)</th>
<th>2014-15 Projection (E)</th>
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<tbody>
<tr>
<td><strong>A. REVENUES AND OTHER FINANCING SOURCES</strong></td>
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<td></td>
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<tr>
<td>1. Revenue Limit Sources</td>
<td>$8010-8099</td>
<td>220,572,465.32</td>
<td>-1.93%</td>
<td>216,321,638.45</td>
<td>1.78%</td>
<td>220,172,206.74</td>
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<td>2. Federal Revenues</td>
<td>$100-8299</td>
<td>53,482,288.19</td>
<td>-12.49%</td>
<td>46,801,711.48</td>
<td>0.09%</td>
<td>46,801,711.48</td>
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<td>3. Other State Revenues</td>
<td>$300-8599</td>
<td>104,688,785.48</td>
<td>0.00%</td>
<td>104,688,785.48</td>
<td>-3.76%</td>
<td>100,919,825.48</td>
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<td>4. Other Local Revenues</td>
<td>$860-8799</td>
<td>3,399,864.74</td>
<td>0.00%</td>
<td>3,399,864.74</td>
<td>0.00%</td>
<td>3,399,864.74</td>
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<td>5. Other Financing Sources</td>
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<td>a. Transfers In</td>
<td>$900-8929</td>
<td>710,568.00</td>
<td>0.00%</td>
<td>710,568.00</td>
<td>0.00%</td>
<td>710,568.00</td>
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<td>b. Other Sources</td>
<td>$930-8979</td>
<td>0.00</td>
<td>0.00%</td>
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<td>0.00%</td>
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<td>c. Contributions</td>
<td>$980-8979</td>
<td>0.00</td>
<td>0.00%</td>
<td>0.00</td>
<td>0.00%</td>
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<tr>
<td>Total (Sum lines A1 thru A5)</td>
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<td>285,032,071.73</td>
<td>-2.84%</td>
<td>374,102,568.15</td>
<td>-9.02%</td>
<td>374,014,176.44</td>
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<td><strong>B. EXPENDITURES AND OTHER FINANCING USES</strong></td>
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<tr>
<td>a. Base Salaries</td>
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<td>b. Step &amp; Column Adjustment</td>
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<tr>
<td>c. Cost-of-Living Adjustment</td>
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<td>d. Other Adjustments</td>
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<tr>
<td>e. Total Certificated Salaries (Sum lines B1a thru B1d)</td>
<td>1000-1999</td>
<td>159,612,343.00</td>
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<td>158,024,638.91</td>
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<td>2. Classified Salaries</td>
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<tr>
<td>a. Base Salaries</td>
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<tr>
<td>b. Step &amp; Column Adjustment</td>
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<tr>
<td>c. Cost-of-Living Adjustment</td>
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<tr>
<td>d. Other Adjustments</td>
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<tr>
<td>e. Total Classified Salaries (Sum lines B2a thru B2d)</td>
<td>2000-2999</td>
<td>47,956,342.96</td>
<td>-1.36%</td>
<td>46,947,230.48</td>
<td>0.95%</td>
<td>47,932,379.05</td>
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<td>4. Books and Supplies</td>
<td>4000-4999</td>
<td>22,442,397.23</td>
<td>-6.69%</td>
<td>20,941,846.08</td>
<td>-5.97%</td>
<td>19,601,971.10</td>
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<td>5. Services and Other Operating Expenditures</td>
<td>5000-5999</td>
<td>53,685,577.92</td>
<td>-1.35%</td>
<td>52,961,289.22</td>
<td>-1.97%</td>
<td>51,017,123.84</td>
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<td>6. Capital Outlay</td>
<td>6000-6999</td>
<td>359,333.03</td>
<td>0.00%</td>
<td>359,333.03</td>
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<td>7. Other Outgo (excluding Transfers of Indirect Costs)</td>
<td>7100-7299, 7400-7499</td>
<td>2,166,685.12</td>
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<td>2,166,685.12</td>
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<td>2,166,685.12</td>
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<td>8. Other Outgo - Transfers of Indirect Costs</td>
<td>7300-7399</td>
<td>(1,388,968.06)</td>
<td>8.07%</td>
<td>(1,501,029.43)</td>
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<td>(1,652,501.07)</td>
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<td>9. Other Financing Uses</td>
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<td>a. Transfers Out</td>
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<td>0.00</td>
<td>0.00%</td>
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<td>b. Other Uses</td>
<td>7620-7699</td>
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<td>0.00%</td>
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<td>0.00%</td>
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<td>Total (Sum lines B9 thru B10)</td>
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<td>388,922,583.42</td>
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<td>388,603,922.83</td>
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<td>383,172,653.91</td>
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<td>11. Total (Sum lines B1 thru B10)</td>
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<td>388,922,583.42</td>
<td>-0.08%</td>
<td>388,603,922.83</td>
<td>-1.40%</td>
<td>383,172,653.91</td>
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<tr>
<td><strong>C. NET INCREASE (DECREASE) IN FUND BALANCE</strong></td>
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<tr>
<td>(Line A6 minus line B11)</td>
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<td>(3,888,613.69)</td>
<td>(14,501,384.68)</td>
<td>(9,158,477.47)</td>
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<td><strong>D. FUND BALANCE</strong></td>
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<td>1. Net Beginning Fund Balance (Form 01, line F1a)</td>
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<td>21,113,495.14</td>
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<td>21,224,881.45</td>
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<td>2,723,406.77</td>
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<td>2. Ending Fund Balance (Sum lines C and D1)</td>
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<td>21,224,881.45</td>
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<td>2,723,496.77</td>
<td>(6,434,580.70)</td>
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<td>3. Components of Ending Fund Balance (Form 011)</td>
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<td>a. Nonspendable</td>
<td>9710-9719</td>
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<td>b. Restricted</td>
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<td>c. Committed</td>
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<td>1. Stabilization Arrangements</td>
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<td>d. Assigned</td>
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<td>0.00</td>
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<td>e. Unassigned/Unappropriated</td>
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<tr>
<td>1. Reserve for Economic Uncertainties</td>
<td>9789</td>
<td>8,979,821.77</td>
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<td>8,979,821.77</td>
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<td>8,979,821.77</td>
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<td>2. Unassigned/Unappropriated</td>
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<td></td>
<td>(6,801,325.00)</td>
<td>(15,929,802.47)</td>
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<tr>
<td>f. Total Components of Ending Fund Balance (Line D1 plus line D2)</td>
<td>17,224,881.45</td>
<td>2,723,496.77</td>
<td>3,723,496.77</td>
<td>6,434,580.70</td>
<td>15,929,802.47</td>
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**ReqPay99b**

**Requisition Snapshot with Notes and History**

**VENDOR - PO with Receiving**

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<td>Order Site</td>
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<td>Delivery Site</td>
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<tr>
<td>Delivery Date</td>
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<tr>
<td>Project</td>
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<tr>
<td>Requisition Total</td>
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**Requisition Vendor Information**

| 1209022 | WARREN SCHNACK |
| 5279 L ST., SACRAMENTO, CA 95819 |

**Purchasing**

| PO Date | 01/12/2012 | PO Printed Date | 01/12/2012 | Buyer | DANS - DAN SANCHEZ |
| Quote | | Quote Date | | |
| Dunn Count | | Next Dunn Date | | Dunn Site No |

**Line Items**

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<tr>
<th>Description</th>
<th>Description</th>
<th>Stores Item #</th>
<th>Unit</th>
<th>Order Qty</th>
<th>Rcvd Qty</th>
<th>Unit Price</th>
<th>Extended</th>
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<tr>
<td>&quot;CONFIRMING REIMBURSEMENT PLEASE PAY TO THE ORDER OF WARREN SCHNACK&quot;***</td>
<td>REIMBURSEMENT ON LODGING AND MILEAGE FOR SR. COLLEGE FIELD TRIP TO VISIT UC MERCED, UC RIVERSIDE, USC, UCLA, UCSB, CAL POLY AND UCSC ON 10/27-29/11.</td>
<td>ONLY</td>
<td>1</td>
<td>1</td>
<td>579.310</td>
<td>579.31</td>
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<tr>
<td></td>
<td>HOSTEL $398.60</td>
<td>TOTAL MILEAGE: 1,063 MILES</td>
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**Accounts**

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<th>01- 5856- 0- 5832- 00- 1110- 1000- 250- 0530- 000 (2012) TmSpFid, Smr Lng, Pfy1,RgEdK12, Instruct</th>
<th>Amount</th>
<th>Encumbered</th>
<th>Expensed</th>
<th>Outstanding</th>
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<tbody>
<tr>
<td>01- 5856- 0- 5810- 00- 1110- 1000- 250- 0530- 000 (2012) Tccl/Fees, Smr Lng, Pfy1,RgEdK12, Instruct</td>
<td>180.71</td>
<td>180.71</td>
<td>398.60</td>
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**History**

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<th>02/02/2012 JESSICA-SU</th>
<th>Check 97-276128 was printed, paying Invoice REIMB 10-29-11.</th>
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<tbody>
<tr>
<td>02/02/2012 JESSICA-SU</td>
<td>Status set to Complete</td>
</tr>
<tr>
<td>02/02/2012 IRENAGA</td>
<td>Status changed from Ready for Payment to Check Pending</td>
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<tr>
<td>02/02/2012 IRENAGA</td>
<td>Check processed for Invoice REIMB 10-29-11 on register AP000218.</td>
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<tr>
<td>01/12/2012 BOWMAN</td>
<td>Status changed from Printed to Ready for Payment by receiving</td>
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<td>01/12/2012 BOWMAN</td>
<td>Line Item #1 received, Quantity: 1.</td>
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<td>01/12/2012 BOWMAN</td>
<td>Original PO printed</td>
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<td>01/11/2012 DAN-SANCHEZ</td>
<td>On Hold changed from &quot;Yes&quot; to &quot;No&quot;</td>
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<td>12/22/2011 DAN-SANCHEZ</td>
<td>Requisition was put on Hold during approval process</td>
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<td>12/22/2011 DAN-SANCHEZ</td>
<td>Status set to Approved</td>
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<tr>
<td>11/29/2011 FANNYCH</td>
<td>Status set to Submitted</td>
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097 - Sacramento City Unified School District

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