Meeting Date: March 15, 2012

Subject: Coherent Governance Policy Operational Expectations 6 (OE-6) - Financial Administration - Monitoring Report

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

Division: Superintendent’s Office


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

<table>
<thead>
<tr>
<th>Estimated Time of Presentation</th>
<th>5 minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submitted by</td>
<td>Jonathan P. Raymond, Superintendent</td>
</tr>
<tr>
<td>Approved by</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Sacramento City Unified School District

OE-6: Financial Administration

March 15, 2012

I certify that the information in this report is true.

Signed: _________________________________________ Date: ________________________________

Jonathan P. Raymond, Superintendent
Disposition of the Board

Date for Monitoring: March, 2012

___ Compliance
___ Not in compliance
___ Compliance with Exception

Signed: _________________________________________ Date: ________________________________

Diana Rodriguez, Board President

Comments:

___________________________________________________________________________________________
___________________________________________________________________________________________

<table>
<thead>
<tr>
<th>OE-6: Financial Administration</th>
<th>Superintendent</th>
<th>Board of Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Superintendent shall not cause or allow any financial activity or condition that materially deviates from the current year budget adopted by the Board; causes or allows any fiscal condition that is inconsistent with achieving the Board’s Results or meeting any Operational Expectations goals.</td>
<td>In Compliance</td>
<td>Not in Compliance</td>
</tr>
</tbody>
</table>

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

**Superintendent**

**Board of Education**

<table>
<thead>
<tr>
<th><strong>The Superintendent will assure that payroll and legitimate debts of the district are promptly paid when due.</strong></th>
<th>In Compliance</th>
<th>Not in Compliance</th>
<th>In Compliance</th>
<th>Not in Compliance</th>
</tr>
</thead>
</table>

**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

**EVIDENCE OF COMPLIANCE**

- 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, 2011 through December 31, 2011, Payroll processed $172 million in gross payroll (38,613 checks). During that period, 233 makeup checks were processed for an error rate of .6%.

- 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, 18,179 payments were made with 16,797 paid by Accounts Payable in 30 days or less, or 92.4%. A breakdown of the 1,382 invoices (7.6%) which were paid over 30 days after receipt of invoice are as follows:
  - 31-60 days (5.97%)
  - 61-90 days (1.05%)
  - 90+ days (.59%)

- Random sampling is included in the calculation above which reflects that 92.4% of payments made by Accounts Payable were completed in 30 days or less.
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.

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<thead>
<tr>
<th>OE-6.2</th>
<th>Superintendent</th>
<th>Board of Education</th>
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<td></td>
<td>In Compliance</td>
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<td></td>
<td>In Compliance</td>
<td>Not in Compliance</td>
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</tbody>
</table>

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

**EVIDENCE OF COMPLIANCE**

- 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 A for example.

- Purchasing Services Department utilizes California Multiple Awards Services contracts (CMAS) negotiated by the State of California for competitive price lists. Only one CMAS project was used in the past year:
  - The Met furniture – Keller Group/Allsteel approximately October 2011
- 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 on 12/8/11
  - Keller Group/Allsteel on 11/17/11
  - Ray Morgan Co. on 7/21/11
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.

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<tr>
<th>OE-6.3</th>
<th>Superintendent</th>
<th>Board of Education</th>
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<tr>
<td><strong>Interpretation:</strong></td>
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<tr>
<td>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.</td>
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**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**

- 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 B 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 on 12/8/11
  - Keller Group/Allsteel on 11/17/11
  - Ray Morgan Co. on 7/21/11
- Requests for Proposal are issued to obtain competitive proposals/qualifications from firms that provide professional services. Examples include:
  - After School Education and Safety Program
  - Audit Services
  - Bond Counsel, Financial Advisor
  - Bridging the Student Learning Gap
  - Development and Design of District’s Website
  - Voter Opinion Survey Services
  - Web Hosting Services
The Superintendent will coordinate and cooperate with the Board’s appointed Financial Auditor for an annual audit of all district funds and accounts.

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<th>OE-6.4</th>
<th>Superintendent</th>
<th>Board of Education</th>
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<td>In Compliance</td>
<td>Not in Compliance</td>
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**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**

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

The Superintendent will make all reasonable efforts to collect any funds due the district from any source.

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<th>OE-6.5</th>
<th>Superintendent</th>
<th>Board of Education</th>
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<td>In Compliance</td>
<td>Not in Compliance</td>
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</table>

**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**

- The 2011 Financial Audit did not reflect any audit adjustments related to accounts receivable. The 2011 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-6.6**

<table>
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<tr>
<th>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.</th>
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<tr>
<td>Superintendent</td>
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<td><strong>In Compliance</strong></td>
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**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**

- 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 C for example.
- The 2011 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, 2011, 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 2011 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

<table>
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<tr>
<th>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.</th>
<th>Superintendent</th>
<th>Board of Education</th>
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<td>In Compliance</td>
<td>Not In Compliance</td>
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**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**

- The 2011-12 Adopted Budget was presented to the Board of Education on 6/23/11. Interim Financial Reports for 2010-11 and 2011-12 were presented to the Board of Education on 3/3/11, 6/2/11 and 12/14/11. The Financial Audit for the year ending 6/30/11 was presented to the Board of Education on 1/12/12. See Attachment D 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).
### OE-6.8

<table>
<thead>
<tr>
<th>Superintendent</th>
<th>Board of Education</th>
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<tr>
<td><strong>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.</strong></td>
<td>In Compliance</td>
</tr>
</tbody>
</table>

**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

**EVIDENCE OF COMPLIANCE**

- In addition to the Adopted Budget, Interim Financial Reports and the Year-End Financial Statements, the Board of Education received Budget Revisions on 3/3/11, 6/2/11 and 12/14/11.

- Page 73 of the 2011 Financial Audit reflects a 2.1% Reserve for Economic Uncertainty which meets the required amount for the district. The 2011 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).

- The Unaudited Actual Financial Report presented to the Board of Education on 10/6/11 reflected year-end fund balances. There were no audit adjustments to any fund balance.

- The Board of Education provides approval for the use of reserves as shown on the budget agenda item dated 2/2/12 (see Attachment E). A similar example shown in Attachment E includes the use of Worker’s Compensation reserves.
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

- **Certificates of Participation (COP)** remarketing and the request for Tax Revenue Anticipation Notes (TRAN) were approved by the Board of Education as follows:
  - COP was approved on 2/3/11.
  - Tax Revenue Anticipation Notes (TRAN) was approved on 4/25/11 and 3/1/12.

Back up details for these items 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.
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

<table>
<thead>
<tr>
<th>EVIDENCE OF COMPLIANCE</th>
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<tbody>
<tr>
<td>- The 2011-12 Adopted Budget was presented to the Board of Education on 6/23/11. Interim Financial Reports for 2010-11 and 2011-12 were presented to the Board of Education on 3/3/11, 6/2/11 and 12/14/11. The Financial Audit for the Year Ending 2011 was presented to the Board of Education on 1/12/12. All reports reflect reserves in line with Board of Education approvals for the use of reserves.</td>
</tr>
<tr>
<td>- 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.</td>
</tr>
<tr>
<td>- Page 73 of the 2011 Financial Audit reflects a 2.1% Reserve for Economic Uncertainty which meets the required amount for the district. The 2011 Financial Audit can be found on the district’s website at: <a href="http://www.scsd.edu/financial-statements-auditors-reports">www.scsd.edu/financial-statements-auditors-reports</a>.</td>
</tr>
<tr>
<td>- Interim Financial Reports, as noted above, reflect the required Board approved Reserve for Economic Uncertainties for the current year. See Attachment G for example.</td>
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OE-6.11

<table>
<thead>
<tr>
<th>Superintendent</th>
<th>Board of Education</th>
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<tbody>
<tr>
<td>The Superintendent may not permanently transfer money from one fund to another.</td>
<td>In Compliance</td>
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<tr>
<td></td>
<td>Not in Compliance</td>
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</table>

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.

**Evidence of Compliance**

- In addition to the Adopted Budget, Interim Financial Reports and the Year-End Financial Statements, the Board of Education received Budget Revisions on 3/3/11, 6/2/11 and 12/14/11.

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<tr>
<th>OE-6.12</th>
<th>Superintendent</th>
<th>Board of Education</th>
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<tbody>
<tr>
<td><strong>The Superintendent may not allow any required reports to be overdue or inaccurately filed.</strong></td>
<td>In Compliance</td>
<td>In Compliance</td>
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<td></td>
<td>Not in Compliance</td>
<td>Not in Compliance</td>
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**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.

**Evidence of Compliance**

- 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.
OE-6.13

<table>
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<th>Superintendent</th>
<th>Board of Education</th>
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<td>Not in Compliance</td>
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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

Evidence of Compliance:

- 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 90 of the 2011 Financial Audit indicates that no material weaknesses were identified. The 2011 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.
**DAILY JOURNAL CORPORATION**  
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Ordered by:  
KAREN BOWMAN  
SAC. CITY USD PURCHASING/CONTRACTS  
3051 REDDING AVE  
SACRAMENTO, CA 95820 USA  

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**LEGAL ADVERTISING**  
**INVOICE**  

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<th>Special Project</th>
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<td>1124105274</td>
<td>B12-00358</td>
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**For payment processing, please forward to:**  
KAREN BOWMAN  
SAC. CITY USD PURCHASING/CONTRACTS  
3051 REDDING AVE  
SACRAMENTO, CA 95820 USA  

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**DUE UPON RECEIPT**  

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<td>PAPER &amp; TRAY PRODUCTS #110805 GOV2 GOVERNMENT LEGAL NOTICE (77580 THE DAILY RECORDER 08/22,08/29/2011) $ 16.50* 2.80 inches * 2 Inserts</td>
<td>92.40</td>
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**PLEASE PROCESS FOR PAYMENT IMMEDIATELY. DUE UPON RECEIPT.**  

Please make check payable to: Daily Journal Corporation  

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<tr>
<th>Invoice Date</th>
<th>Invoice Number</th>
<th>Customer Number</th>
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**Government Advertising - Division 1124**  

Please Pay  

| DAILY JOURNAL CORPORATION CALIFORNIA NEWSPAPER SERVICE BUREAU  
ATTN: ACCOUNTS RECEIVABLE  
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SAC. CITY USD PURCHASING/CONTRACTS  
3051 REDDING AVE SACRAMENTO, CA 95820 USA |
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Karen Bowman  
SAC. CITY USD PURCHASING/CONTRAC  
3051 REDDING AVE  
SACRAMENTO, CA - 95820

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State of California  
County of SACRAMENTO  
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Notice Type: GOV2 - GOVERNMENT LEGAL NOTICE (2PUB)

Ad Description: Paper & Tray Products #110805

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer and publisher of the THE DAILY RECORDER, a newspaper published in the English language in the city of SACRAMENTO, county of SACRAMENTO, and adjudged a newspaper of general circulation as defined by the laws of the State of California by the Superior Court of the County of SACRAMENTO, State of California, under date 05/02/1913, Case No. 10036. That the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

08/22/2011, 08/29/2011

Executed on: 08/29/2011  
At Los Angeles, California

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

[Signature]
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
## Attachment C

### 2011-12 First Interim

**General Fund**

**Summary - Unrestricted/Restricted**

**Revenues, Expenditures, and Changes in Fund Balance**

<table>
<thead>
<tr>
<th>Description</th>
<th>Resource 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 (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Revenue Limit Sources</td>
<td>8010-8099</td>
<td>223,112,071.76</td>
<td>223,112,071.76</td>
<td>18,820,395.70</td>
<td>223,112,071.76</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>2) Federal Revenue</td>
<td>8100-8299</td>
<td>37,691,099.00</td>
<td>54,236,040.54</td>
<td>8,791,837.16</td>
<td>54,236,040.54</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>3) Other State Revenue</td>
<td>8300-8599</td>
<td>95,225,632.13</td>
<td>103,791,408.13</td>
<td>23,756,044.60</td>
<td>103,791,408.13</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>4) Other Local Revenue</td>
<td>8600-8799</td>
<td>6,315,400.00</td>
<td>10,699,617.00</td>
<td>3,234,872.67</td>
<td>10,566,517.00</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>5) TOTAL, REVENUES</strong></td>
<td></td>
<td>325,645,122.90</td>
<td>391,700,037.43</td>
<td>54,750,150.43</td>
<td>391,700,037.43</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>B. EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Certificated Salaries</td>
<td>1000-1999</td>
<td>165,641,896.02</td>
<td>169,671,033.11</td>
<td>26,699,681.68</td>
<td>169,671,033.11</td>
<td>0.00</td>
<td>0.0%</td>
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<tr>
<td>2) Classified Salaries</td>
<td>2000-2999</td>
<td>49,118,860.00</td>
<td>69,770,923.65</td>
<td>14,677,076.12</td>
<td>50,770,923.65</td>
<td>0.00</td>
<td>0.0%</td>
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<tr>
<td>3) Employee Benefits</td>
<td>3000-3999</td>
<td>103,668,513.60</td>
<td>103,869,000.80</td>
<td>25,171,150.59</td>
<td>109,869,000.80</td>
<td>0.00</td>
<td>0.0%</td>
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<tr>
<td>4) Books and Supplies</td>
<td>4000-4999</td>
<td>9,520,699.33</td>
<td>30,424,468.28</td>
<td>3,503,225.05</td>
<td>30,424,468.28</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>5) Services and Other Operating Expenditures</td>
<td>5000-5999</td>
<td>43,927,708.62</td>
<td>52,069,362.29</td>
<td>14,445,718.86</td>
<td>52,069,362.29</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>6) Capital Outlay</td>
<td>6000-6999</td>
<td>223,390.00</td>
<td>2,280,531.80</td>
<td>40,792.88</td>
<td>2,280,531.80</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>2,125,000.00</td>
<td>2,164,020.60</td>
<td>33,142.52</td>
<td>2,164,020.60</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>8) Other Outgo - Transfers of Indirect Costs</td>
<td>7300-7399</td>
<td>(1,749,920.00)</td>
<td>(1,805,552.00)</td>
<td>(241,228.55)</td>
<td>(1,806,552.00)</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>9) TOTAL, EXPENDITURES</strong></td>
<td></td>
<td>351,705,031.57</td>
<td>418,470,918.51</td>
<td>85,765,882.95</td>
<td>418,470,918.51</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>C. EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES AND USES (A5 - B9)</strong></td>
<td></td>
<td>860,091.32</td>
<td>(24,032,881.00)</td>
<td>(40,202,312.52)</td>
<td>(24,022,881.00)</td>
<td></td>
<td></td>
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<tr>
<td><strong>D. OTHER FINANCING SOURCES/USES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Interfund Transfers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Transfers In</td>
<td>8000-8999</td>
<td>2,630,254.00</td>
<td>2,630,254.00</td>
<td>0.00</td>
<td>2,630,254.00</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>b) Transfers Out</td>
<td>7600-7629</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>2) Other Sources/Uses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>a) Sources</td>
<td>8000-8079</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>b) Uses</td>
<td>7600-7699</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) Contributions</td>
<td>8900-8899</td>
<td>2,125,000.00</td>
<td>2,125,000.00</td>
<td>0.00</td>
<td>2,125,000.00</td>
<td>0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>4) TOTAL, OTHER FINANCING SOURCES/USES</strong></td>
<td></td>
<td>2,630,254.00</td>
<td>2,630,254.00</td>
<td>0.00</td>
<td>2,630,254.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

California Dept of Education
SACS Financial Reporting Software - 2011.2.0
File: fund-a (Rev 06/07/2011)
### E. NET INCREASE (DECREASE) IN FUND BALANCE (C + D4)

<table>
<thead>
<tr>
<th>Description</th>
<th>Resource Codes</th>
<th>Original Budget (A)</th>
<th>Board Approved Operating Budget (B)</th>
<th>Actuats To Date (C)</th>
<th>Projected Year Totals (D)</th>
<th>Difference (Col B &amp; D) (E)</th>
<th>% Diff (E/D)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>3,799,345.32</td>
<td>(21,002,627.00)</td>
<td>(40,290,122.57)</td>
<td>(21,002,627.00)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### F. FUND BALANCE, RESERVES

1) Beginning Fund Balance

a) As of July 1 - Unaudited 9791 20,293,904.68 34,369,423.84 34,369,423.84 0.00 0.0%

b) Audit Adjustments 9783 0.00 0.00 0.00 0.00 0.0%

c) As of July 1 - Audited (F1a + F1b) 9765 20,293,904.68 34,369,423.84 34,369,423.84 0.00 0.0%

d) Other Restatements 9765 0.00 0.00 0.00 0.00 0.0%

e) Adjusted Beginning Balance (F1c + F1d) 9765 20,293,904.68 34,369,423.84 34,369,423.84 0.00 0.0%

2) Ending Balance, June 30 (E + F1e)

Components of Ending Fund Balance

a) Nonspendable

Revolving Cash 9711 225,000.00 225,000.00 225,000.00 0.00 0.0%

Stores 9712 320,000.00 320,000.00 320,000.00 0.00 0.0%

Prepaid Expenditures 9713 0.00 0.00 0.00 0.00 0.0%

All Others 9716 0.00 0.00 0.00 0.00 0.0%

b) Restricted 9740 0.00 550,640.98 550,640.98 0.00 0.0%

c) Committed

Stabilization Arrangements 9750 0.00 0.00 0.00 0.00 0.0%

Other Commitments 9760 0.00 0.00 0.00 0.00 0.0%

d) Assigned

Other Assignments 9780 14,950,250.00 3,622,172.00 3,622,172.00 0.00 0.0%

Reserve for Retiree H & W Contrib. 9780 1,000,000.00 0.00 0.00 0.00 0.0%

Reserve for Pending State Budget 9780 12,250,250.00 0.00 0.00 0.00 0.0%

Reserve for Declining ADA/Cash Deficit 9780 1,950,500.00 0.00 0.00 0.00 0.0%

Reserve for Revenue Reductions 9780 671,672.00 0.00 0.00 0.00 0.0%

Reserve for Declining ADA/Cash Deficit 9780 1,950,500.00 0.00 0.00 0.00 0.0%

Reserve for Revenue Reductions 9780 671,672.00 0.00 0.00 0.00 0.0%

e) Unassigned/Unappropriated

Reserve for Economic Uncertainties 9789 8,589,000.00 8,589,000.00 8,589,000.00 0.00 0.0%

Unassigned/Unappropriated Amount 9790 0.00 (16.22) (16.22) 0.00 0.0%
Meeting Date: June 23, 2011

Subject: Public Hearing and Adoption of Proposed Fiscal Year 2011-12 Budget for All Funds and use of Categorical Transfers and Uses in Accordance with SBX3 4

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

Learning Support Unit/Department: Administrative Services

Recommendation: Conduct a public hearing on the proposed 2011-12 Budget for all funds and adopt the proposed 2011-12 Budget for all funds. In addition, conduct a public hearing on the Categorical Fund Transfers and Uses in accordance with SBX3 4.

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 2011-12 budget establishes expenditure authority for the district to conduct business in the coming year.

The proposed 2011-12 budget is based upon the May Revise that was presented by the Governor on May 16th, 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.

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.scusd.edu/BoardofEducation/Meetings/Pages/20110623.aspx

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: March 3, 2011

Subject: 2010-11 Second Interim Financial Report

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

Learning Support Unit/Department: 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 two Interim Financial Reports presented to the Board of Education for the 2010-11 year. The report provides financial information as of January 31, 2011.

Financial Considerations: With current projections and assumptions in using the state final budget signed by the Governor on October 8, 2010, the district believes it will end the current year in a positive financial condition. However, as discussed at the February 3 and February 17, 2011 Board meetings, the projected worst case budget deficit for 2011-12 is $22.35 million. At the February 17, 2011 meeting, the Board took actions totaling $14.5 million to help reduce this deficit. Staff are anticipating further Board approval of recommendations to take place at the March 3, 2011 meeting. 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. 2010-2011 Second Interim Financial Report

Estimated Time of Presentation: 10 Minutes
Submitted by: Gerardo Castillo, CPA, Director III, Budget Services
Approved by: Patricia A. Hagemeyer, Chief Business Officer
Meeting Date: June 2, 2011

Subject: 2010-11 Third Interim Financial Report

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

Learning Support Unit/Department: Administrative Services

Recommendation: Approve the 2010-11 Third Interim Financial Report

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 2010-11 year. The report includes financial information as of April 30, 2011 as requested by the Sacramento County Office of Education. While the Governor's January budget projection for 2011-12 was devastating to our district, the May Revise information presented a better picture. However, nothing is final until the state budget is signed.

Financial Considerations: The district will take all necessary actions to ensure balanced budgets that maintain the required Economic Uncertainties Reserve as specified for the 2010-11, 2011-12 and 2012-13 fiscal years. The board approved recommendations to address the projected deficit for 2011-12 and will take the appropriate action for 2012-13.

Documents Attached:
1. Executive Summary
2. 2010-11 Third Interim Financial Report

Estimated Time of Presentation: 10 Minutes
Submitted by: Gerardo Castillo, CPA, Director III, Budget Services
Approved by: Patricia A. Hagemeyer, Chief Business Officer
Meeting Date: December 14, 2011

Subject: 2011-12 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

Learning Support Unit/Department: Administrative Support Unit

Recommendation: Approve the 2011-12 First Interim Financial Report with a Qualified Certification.

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 2011-12 year. The report provides financial information as of October 31, 2011.

Financial Considerations: It is still unknown if the district will be facing mid-year revenue reductions. At this time, without any mid-year revenue reductions, the 2011-12 budget is balanced and the district believes it will end the current year in a positive financial condition. Due to anticipated reduced revenues of $250 per Average Daily Attendance, transportation revenue reductions, 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 2012-13 and 2013-14 and the district must maintain its required 2% reserve for economic uncertainties.

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

Estimated Time of Presentation: 10 minutes
Submitted by: Gerardo Castillo, CPA, Director III, Budget Services
Approved by: Patricia A. Hagemeyer, Chief Business Officer
Meeting Date: January 12, 2012

Subject: Independent Audit Report for the Fiscal Year Ended June 30, 2011, Submitted by Crowe Horwath LLP

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 2010-11 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
2. Independent Audit Report for the Fiscal Year Ended June 30, 2011, Submitted by Crowe Horwath LLP

Estimated Time of Presentation: 10 Minutes
Submitted by: Patricia A. Hagemeyer, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent
Meeting Date: February 2, 2012

Subject: Governor's Budget Proposal and 2011-12 and 2012-13 Budget Recommendations and Reductions

Division: Administrative Services

Recommendation: Discuss for approval recommendations for maintaining a balanced 2011-12 and 2012-13 budget. Discuss updated information regarding the Governor's January budget proposal.

Background/Rationale: At the December 14, 2011 Board meeting, staff provided the First Interim Financial Report for approval. At that time, a representative from School Services of California, Inc. and the Sacramento County Superintendent of Schools presented information to the Board outlining the critical need for early identification and approval of budget balancing reductions.

A first review of potential recommendations was provided at the January 12 Board meeting. At that time, items to balance 2011-12 and 2012-13 were identified for approval.

Financial Considerations: Board review and action on recommendations for budget balancing.

Documents Attached:
1. Executive Summary

Estimated Time of Presentation: 20 Minutes
Submitted by: Patricia A. Hagemeyer, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent
I. Overview/History:

Starting with mid-year reductions in 2002-03, Sacramento City Unified School District has reduced expenditures, enhanced revenues or used one-time funds for a total of $185.8 million dollars to maintain balanced budgets. This shortfall was caused mostly by reductions in state revenue, increased employee costs and declining enrollment. One-time funds are virtually gone and employee salaries and benefits make up 90 percent of our unrestricted general fund dollars. Any economic recovery by the state appears to be several years down the road.

Reductions have been made to all employee groups, supplies, services, utilities and capital outlay. Decisions considered “away from the classroom” were made many years ago. Recent budget savings included increasing class sizes, reducing central office staff, the reduction or elimination of many Tier III programs, reduced staffing at school sites and the implementation of furlough days.

Based on the best information available, the district is faced with a $2.50 million shortfall in the current year and a projected $27.93 million shortfall in 2012-13. It is important to note that this amount is a best case scenario. Under Governor Brown’s January budget proposal, public school districts will receive “flat funding” that is contingent on voters passing a statewide initiative to raise taxes in November. Revenue raised would be used to restore cash deferrals to districts – it appears there would be no new dollars for schools generated by the measure’s passage. If voters reject the measure, districts would face mid-year “trigger cuts” in early 2013. Education finance experts are recommending that school districts budget for a $370 per Average Daily Attendance (ADA) reduction in revenue. Thirteen dollars ($13) of that reduction has already been accounted for in the 2011-12 mid-year reductions. The remaining $357 per ADA reduction means another $15 million in lost revenue. That would bring our total shortfall to $42.93 million.

Of particular concern to California school districts is the shortage of cash due to state deferrals. The state recognizes that they owe districts money, but they have put off paying the cash, in other words, deferring the cash owed to districts. Included with this document is a cash flow report generated from the district’s finance system (see attached). This report will be provided monthly to the Board as an information item. Cash flow reports are used to determine when and how much money must be borrowed to continue to pay our bills.
II. Driving Governance:

- Education Code section 42130 requires the Superintendent to submit two Interim reports to the Board of Education during each fiscal year. The first report shall cover the financial and budgetary status of the district for the period ending October 31. The second report shall cover the period ending January 31. All reports required shall be in a format or on forms prescribed by the Superintendent of Public Instruction.

- Education Code section 42131 requires the Board of Education to certify, in writing, whether the district is able to meet its financial obligations for the remainder of the fiscal year and, based on current forecasts, for the future fiscal year. Certifications shall be based on the Board’s assessment of the district budget. Certifications shall be classified as positive, qualified or negative. This education code section also outlines the role of the County Office of Education.

- Education Code Sections 44919, 44951 and 44955 require school districts to provide notice on or before March 15th to certificated employees who are designated for layoff for the subsequent year. The final decision for layoff must occur before May 15th.

- Education Code Sections 45114, 45115, 45117, 45298 and 45308 require school districts to provide not less than 45 day's notice to classified employees of a layoff.

- Education Code section 42127 requires the Governing Board of each school district to adopt a budget on or before July 1. The budget to be adopted shall be prepared in accordance with Education Code section 42126. The adopted budget shall be submitted to the County Office of Education. The County Office of Education determines if the district will be able to meet its financial obligations during the fiscal year and ensures a financial plan that will enable the district to satisfy its multiyear financial commitments.
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III. Budget:

As presented at the January 12, 2012 Board meeting, the shortfall for the current year is $2.5 million. Staff recommend the following actions to balance the 2011-12 budget:

Use of Reserve Funds  $1,828,000

When the 2011-12 district budget was developed, it was anticipated that the district would receive flat revenue funding from the state. That was based on very ambitious revenue projections by the state. When the district budget was adopted in June, it included a reserve of $13.95 million in case the flat funding did not materialize. When the final state budget was signed, districts were advised to spend funds as if flat funding would materialize; however, if the state did not generate enough revenue to provide flat funding, there could be mid-year reductions. This was known as the “trigger” language. Based on state guidance to spend our funds, $12 million of the reserve was used to reinstate positions that had been reduced. This left a reserve of $1.95 million. Staff propose to use $1.8 million to offset the $2.5 million mid-year reductions that actually occurred due to the “trigger” language.

Reduction in Central Office Operating and Contract Costs  $672,000

Central Office operating costs and contract services will be reduced this year as a one-time budget savings. The reductions are not all sustainable as the elimination of these funds prevents the district from performing critical services. For example, assistance from our external auditors will be eliminated for the remainder of this year. Non-emergency expenses will be eliminated. Training and staff development will be reduced or eliminated.

TOTAL RECOMMENDATIONS FOR APPROVAL FOR 2011-12  $2,500,000

As presented at the January 12, 2012 Board meeting, the shortfall for the 2012-13 year is $27.93 million, not including the impact of the latest Governor’s January Budget. While these are very difficult decisions, staff recommend the following actions to balance the 2012-13 budget:
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**PARS Payments Charged to Retiree Benefits Fund**
$3,740,000

During the 2007-08 and 2008-09 fiscal years, an early retirement incentive was approved using Public Agency Retirement Services (PARS). As a result of that incentive which saved the district money over time, payments totaling $3.74 million are made once each year. This recommendation would shift the funding of these payments to the Retiree Benefits Fund thereby relieving the general fund of this obligation. The payment for $2.7 million will end after 2012-13 and the payment for $1.04 million will end after 2013-14.

**Reduce Contracts and Central Office Operating Budgets**
$1,000,000

All contracts and central office operating budgets will be under review with non-mandated contracts reduced or eliminated. Operating budgets will be reduced or eliminated. This will leave limited budgets for future expenses. Antiquated equipment replacement will be non-existent. Training and staff development will be severely limited.

**Use of Reserve for Unfunded Retiree Health Benefits Liability**
$1,000,000

Many years ago, the Board set aside one-time dollars in a reserve to help pre-fund the liability for retiree benefits. These funds are included in the general fund ending balance. Despite best efforts to keep these funds set aside, the district budget situation is so severe, these funds must now be used for on-going expenses. This is a one-time funding source.

**Central Office Staffing Reductions/Pay Reductions**
$690,000

This recommendation includes staffing reductions in the Central Office and five furlough days for all unrepresented management, supervisors and confidential staff. In addition, salary schedule maintenance (step increases) will be frozen for the 2012-13 year. As unrepresented employees (as well as United Professional Educators and Classified Supervisors Association) do not receive district paid health and welfare benefits, any increased costs for benefits are passed along to these employees in addition to these pay reductions.
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Reduction of Board of Education Monthly Stipend

$33,700

Based on discussion at the January 12 Board meeting, the monthly stipends paid to Board members would be reduced by 50%. The current stipend amount is $787.50. Approval of this recommendation would reduce the monthly stipend amount to $393.75.

Tier III Reductions

$5,040,000

Starting in 2008-09, the state provided complete flexibility of approximately 26 formerly restricted state-funded programs. The projected revenue for these programs was $32.58 million. In balancing the 2010-11 budget, $15.0 million was reduced from some Tier III programs. (See list of programs below). Further reductions were made in 2011-12. This recommendation will continue the reduction or elimination of Tier III programs.

The first recommendation will eliminate the Adult Education Program Tier III funding. While the amount listed on the programs below show that Adult Education funding is currently $5.094 million, the Adult Education program currently contributes $2.19 million in Adult Education fees to the general fund. With the elimination of the program, they will not be able to contribute $2.19 million so the net savings to the district is $2.90 million. ($5.09 - $2.19 = $2.90).

The elimination of the deferred maintenance contribution would save $750,000. This item was reduced in 2010-11 from the Tier III funding but reinstated in the budget projections for 2012-13. This reduction for 2012-13 means that there will be no general fund dollars for deferred maintenance at the school sites. Deferred maintenance needs are significant, this would delay on-going maintenance.

The School Library Improvement Block Grant currently funds approximately 3.6 FTE librarians at the middle schools. In addition, funds are used for literacy support at the K-8 schools. The elimination of these positions and the literacy support would save $724,000.
The Arts and Music Grant currently funds 5.6 FTE music teacher positions. The elimination of these positions would save $565,000.

The Regional Occupational Program and Gifted and Talented Education program would each be reduced by 5% for a savings of $100,000.

<table>
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<tr>
<th>Total Program</th>
<th>Original Funding</th>
<th>2010-11 Funding</th>
<th>2011-12 Funding</th>
<th>2012-13 Funding</th>
<th>2012-13 Savings</th>
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<td>Staff Development – Administrator Training</td>
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<td>Staff Development – Math and Reading Professional Development</td>
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*Deferred Maintenance included in projected budget deficit as a one-time reduction.
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Increase Class Sizes to Contract Maximum $4,790,000

Class sizes are currently staffed at grades K-1 at 24.9:1, grades 2-3 at 29:1, grades 4-6 at 33:1, grades 7-8 at 31:1 and grades 9-12 at 35:1. This proposal would staff at contract maximums of kinder at 32:1, grades 1-3 at 31:1, grades 4-6 at 33:1, grades 7-8 at 31:1 and grades 9-12 at 35:1. The savings takes into consideration K-3 Class Size Reduction funding. The change in class sizes would result in a loss of 87 FTE teaching positions.

Eliminate 50% of Custodial Staff and 50% of School Plant Operations Managers $5,490,000

This proposal would result in a reduction of 60 FTE custodians and 37 FTE plant managers. A different approach to cleaning and maintaining school sites would have to be implemented.

Eliminate Middle and High School Counselors $1,680,000

The elimination of middle and high school counselors means the reduction of approximately 19.8 FTE positions. Unless counselor positions are funded with school site categorical funds, there would be no counselors at the middle and high schools. The savings from these positions includes $896,150 from Tier III Supplemental School Counseling funds.

Reduce Maintenance Staff by 20% $1,270,000

This proposal would reduce 17 FTE positions. The condition of our buildings will certainly suffer with limited maintenance done on a timely basis.

Elimination of Co-Curricular Support $1,261,000

The elimination of co-curricular support would mean the elimination of all extra pay for extra duty stipends which includes such things as athletic coaching, band, choir, drama and yearbook as well as other activities. It would also mean the elimination of uniform replacement funds, athletic trainer funds and co-curricular transportation funds. This would impact K-8, middle and high school activities.
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Reduce 50% of the Middle and High School Assistant Principals $1,130,000

This proposal would reduce Assistant Principals by 9.5 FTE positions. Middle schools currently have 1.0 Assistant Principal. They would be reduced to a half-time position. High schools currently have 1.0, 2.0 or 3.0 Assistant Principals depending on the enrollment of the site. High school positions would be reduced by half.

Eliminate Home-to-School Transportation $981,000

The elimination of home-to-school transportation would leave transportation only for Special Education students and program improvement choice. All routes established for the 1.5 mile walking distance, safety routes and concapping routes would be eliminated. The elimination of these routes would result in approximately 18 FTE fewer bus drivers.

Eliminate Middle and High School Librarians $820,000

In addition to 3.6 FTE middle school librarians eliminated under the Tier III programs, this proposal would eliminate approximately 7.9 FTE librarians at the middle and high schools. Any librarian positions would need to be funded out of school site categorical funds.

TOTAL RECOMMENDATIONS FOR APPROVAL FOR 2012-13 $28,925,700

IV. Goals, Objectives and Measures:

Maintain a balanced budget for 2011-12 and continue to follow the timeline to ensure a balanced 2012-13 budget.

V. Major Initiatives:

- Support implementation of the Strategic Plan 2010-2014.
- Fiscal stability for 2011-12, 2012-13 and outlying years.
- Utilizing funds prudently and effectively.
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VI. Results:

Required Board actions will take place in order to ensure a balanced Adopted Budget is in place on or before July 1, 2012.

VII. Lessons Learned/Next Steps:

- Follow the approved calendar with adjustments made as necessary.
- Continue to monitor the state budget and its impact on the district finances.
- Continue to engage stakeholders in the budget development process through community budget meetings.
- Meet and communicate with bargaining unit partners.
Meeting Date: June 17, 2010

Subject: Public Hearing and Adoption of Proposed Fiscal Year 2010-2011 Budget for All Funds and use of Categorical Transfers and Uses in Accordance with SBX3 4

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

Learning Support Unit/Department: Administrative Services

Recommendation: Conduct a public hearing on the proposed 2010-2011 Budget for all funds and adopt the proposed 2010-2011 Budget for all funds. In addition, conduct a public hearing on the Categorical Fund Transfers and Uses in accordance with SBX3 4.

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 2010-2011 budget establishes expenditure authority for the district to conduct business in the coming year.

The proposed 2010-2011 budget is based upon the May Revise that was presented by the Governor on May 14th. 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.

The complete set of state required forms is quite voluminous and will be distributed to Board Members and employee groups. Copies will be made available for public review in the Budget Office.

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

Documents Attached:
1. Executive Summary

Estimated Time of Presentation: 15 Minutes
Submitted by: Gerardo Castillo, CPA, Director III, Budget Services
Approved by: Patricia A. Hagemeyer, Chief Business Officer
Psychologist Services – Board Approved on March 4 $590,000

Psychologists would be reduced by 4.6 positions. Approximately 9 psychologists would remain funded by Special Education and Medi-Cal Activities funds. The remaining psychologists would cover all district school sites.

Deferred Maintenance Match - Board Approved on March 4 $970,000

Prior to the Tier III program flexibility, the district was required to make a match in order to receive state funds for deferred maintenance. With flexibility, the district will receive state funds without a district required match. The recommendation is to take approximately 65% of the $1.5 million budgeted for deferred maintenance. The remaining $530,000 will be distributed to school sites as “bridge funding” to cover reductions to categorical programs due to formula revisions.

Reduce Clerical Staff at High Schools – Board Approved on March 4 $250,000

Each of the five large high schools has reduced one clerical staff person.

Transfer from Worker’s Compensation Fund Reserve – Board Approval Pending $1,900,000

TOTAL SAVINGS FROM ALL RECOMMENDATIONS $32,500,000
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Meeting Date: April 25, 2011

Subject: Resolution No. 2653: Authorizing the Issuance and Sale of the 2010-11 Tax and Revenue Anticipation Notes (TRAN)

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

Learning Support Unit/Department: Administrative Services

Recommendation: Approve Resolution No. 2653, Authorizing the Issuance and Sale of the 2010-11 Tax and Revenue Anticipation Notes (TRAN).

Background: 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 shortfalls of the General Fund caused by the uneven distribution of revenues, primarily state aid and property taxes. 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 completely offset the issuance costs. The cost to the district is estimated to be $253,500.

District staff are 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 2010-11 Tax and Revenue Anticipation Notes, not to exceed $50 million, will be sold by a negotiated sale on or about May 3, 2011.

Financial Considerations: Potential net cost of approximately $253,500 is included in the district's budget.

Documents Attached:
1. Executive Summary
2. School Services of California Fiscal Report
3. Draft Resolution No. 2653
4. Draft Preliminary Official Statement
5. Note Purchase Contract
6. Paying Agent Agreement

Estimated Time: N/A
Submitted by: Patricia A. Hagemeyer, Chief Business Officer
Approved by: Jonathan P. Raymond, Superintendent
### Attachment G

#### Sacramento City Unified
Sacramento County

<table>
<thead>
<tr>
<th>Description</th>
<th>Object Codes</th>
<th>Projected Year Totals (Form 011) (A)</th>
<th>% Change (Cols. C-A/A) (B)</th>
<th>2013-14 Projection (C)</th>
<th>% Change (Cols. E-C/C) (D)</th>
<th>2013-14 Projection (E)</th>
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<tr>
<td><strong>E. AVAILABLE RESERVES (Unrestricted except as noted)</strong></td>
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#### F. RECOMMENDED RESERVES

1. Special Education Pass-through Exclusions
   - For districts that serve as the administrative unit (AU) of a special education local plan area (SELPA):
     a. Do you choose to exclude from the reserve calculation the pass-through funds distributed to SELPA members?
     b. If you are the SELPA AU and are excluding special education pass-through funds:
        1. Enter the name(s) of the SELPA(s): **Yes**

2. Special education pass-through funds
   (Column A: Fund 10, resources 3300-3999 and 6500-6540, objects 7211-7213 and 7221-7223; enter projections for subsequent years 1 and 2 in Columns C and E)
   **0.00**

3. District ADA
   - Used to determine the reserve standard percentage level on line F3d
   (Column A: Form 01, Estimated P-2 ADA column, lines 1-4 and 22; enter projections)
   - Calculating the Reserves
     a. Expenditures and Other Financing Uses (Line B11)
        415,720,918.51
     b. Plus: Special Education Pass-through Funds (Line F1b2, if Line F1a is No)
        0.00
     c. Total Expenditures and Other Financing Uses (Line F3e plus Line F3f)
        415,720,918.51
   - Reserve Standard Percentage Level
     (Refer to Form 01CSI, Criterion 10 for calculation details)
     - Reserve Standard - By Percent (Line F3e times F3d)
     8,314,618.37
     - Reserve Standard - By Amount
     0.00
     - Reserve Standard (Greater of Line F3d or F3f)
     8,314,618.37
   - Available Reserves (Line F3) Meet Reserve Standard (Line F3e) **YES**

---

California Dept of Education
SACS Financial Reporting Software - 2011.2.0
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Printed: 12/8/2011 7:08 PM
## Requisition Snapshot with Notes and History

### VENDOR - PO with Receiving

<table>
<thead>
<tr>
<th>Requisition Number</th>
<th>R12-03620</th>
<th>Fiscal Year</th>
<th>2011/12</th>
<th>Requisition Date</th>
<th>11/29/2011</th>
</tr>
</thead>
</table>

**Summary**

- **Created by**: FANNYCH, 11/29/2011
- **Department**: PURCH
- **Status**: Complete
- **On Hold**: No
- **Requisitioner**: Fanny Cheung
- **Order Site**: 0530 - LUTHER BURBANK HIGH SCHOOL
- **Delivery Site**: 0530 - LUTHER BURBANK HIGH SCHOOL
- **Delivery Date**: 02/11/2012
- **Project Info**: UC COLLEGE VISITATIONS - COHORT 8 GRANT
- **Goods & Services**: Non Taxable 579.31
- **PO #**: P12-02845
- **PO Printed Date**: 01/12/2012
- **Quote Date**: 01/12/2012
- **Buyer**: DANS - DAN SANCHEZ
- **Change Level**: 0

### Line Items

<table>
<thead>
<tr>
<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>
</tr>
</thead>
<tbody>
<tr>
<td><em><strong>CONFIRMING REIMBURSEMENT PLEASE PAY TO THE ORDER OF WARREN SCHNACK</strong></em></td>
<td>ONLY</td>
<td>1</td>
<td>1</td>
<td>579.310</td>
<td>579.31</td>
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</tbody>
</table>

- **1 REIMBURSEMENT ON LODGING AND MILEAGE FOR SR. COLLEGE FIELD TRIP TO VISIT UC MERCEDES, UC RIVERSIDE, USC, UCLA, UCSB, CAL POLY AND UCSC ON 10/27-29/11.**

- **HOSTEL $398.60**
- **TOTAL MILEAGE: 1,063 MILES**

### Accounts

<table>
<thead>
<tr>
<th>01-5856-0-5832-00-1110-1000-250-0530-000</th>
<th>Amount</th>
<th>Encumbered</th>
<th>Expensed</th>
<th>Outstanding</th>
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</thead>
<tbody>
<tr>
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<td>01-5856-0-5810-00-1110-1000-250-0530-000</td>
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</table>

<table>
<thead>
<tr>
<th>01-5856-0-5832-00-1110-1000-250-0530-000</th>
<th>Amount</th>
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</tbody>
</table>

### History

- **02/02/2012**: JESSICA-SU
  - Check 97-276128 was printed, paying Invoice REIMB 10-29-11.
- **02/02/2012**: JESSICA-SU
  - Status set to Complete
- **02/02/2012**: IRENEGA
  - Status changed from Ready for Payment to Check Pending
- **02/02/2012**: IRENEGA
  - Check processed for Invoice REIMB 10-29-11 on register AP000218.
- **01/12/2012**: BOWMANK
  - Status changed from Printed to Ready for Payment by receiving
- **01/12/2012**: BOWMANK
  - Line Item #1 received, Quantity: 1.
- **01/12/2012**: BOWMANK
  - Original PO printed
- **01/11/2012**: DAN-SANCHEZ
  - On Hold changed from "Yes" to "No"
- **12/22/2011**: DAN-SANCHEZ
  - Requisition was put on Hold during approval process
- **12/22/2011**: DAN-SANCHEZ
  - Status set to Approved
- **11/29/2011**: FANNYCH
  - Status set to Submitted
Requisition Snapshot with Notes and History

<table>
<thead>
<tr>
<th>Date</th>
<th>Approver</th>
<th>Approved By</th>
<th>Approved</th>
<th>Comment</th>
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<table>
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<tbody>
<tr>
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