



**Board Approved Recommendations to Balance 2010-11 Budget
Detail of Tier III Transfers**

Tier III Program	Original Funding	Proposed Funding	2010-11 Savings
Adult Education Program – 65% of Allocation: Detailed program information was provided at the May 6, 2010 Board meeting.	\$12,452,096	\$8,093,862	\$4,358,234
Arts and Music Grant: This program would fund 5.6 traveling music teachers, primarily at middle schools, and provide \$45,000 of funding to support existing music programs.	\$620,318	\$565,000	\$55,318
Cal Safe Academic Support: This program, currently housed at Hiram Johnson High School, would be eliminated. Services to pregnant and parenting teens would be provided through independent study or their high school of residence.	\$190,262	\$0	\$190,262
California High School Exit Exam: CAHSEE funding would be eliminated, and students would continue to receive CAHSEE tutoring and CAHSEE classes through site categorical funds such as Title I and Economic Impact Aid.	\$439,001	\$0	\$439,001
Certificated Staff Mentoring: The Certificated Staff Mentoring Program (CSMP) provides stipends to experienced teachers to coach beginning teachers. The funding would be eliminated.	\$86,771	\$0	\$86,771
Child Oral Health Assessment: This dental program, which would be eliminated, primarily serves children at Hiram Johnson High School. Services are now being provided through the Hiram Johnson Health Clinic.	\$24,550	\$0	\$24,550
Class Size Reduction – 9 th Grade: The Morgan-Hart Class Size Reduction Program currently allocates funds for reducing class size in grade nine English and Math. These funds, which would be eliminated, currently fund 4.4 FTE teacher positions. High schools would have the option of using their site categorical dollars to implement class size reduction.	\$442,363	\$0	\$442,363
Community Based English Tutoring: With the elimination of this funding, this parent education program would now be offered through the English as a Second Language Program at various school sites.	\$365,620	\$0	\$365,620
Community Day School : The Community Day School program, currently at the Success Academy, would be retained.	\$39,164	\$39,164	\$0
Deferred Maintenance: Deferred Maintenance funding would be eliminated. The direct allocation of Qualified School Construction Bonds (QSCB) funding would, in part, support deferred maintenance projects.	\$1,550,422	\$0	\$1,550,422
Gifted and Talented Education: The Gifted and Talented Education program would be retained.	\$311,839	\$311,839	\$0
Instructional Materials Block Grant: This funding would be reduced, but would continue to provide replacement textbooks and consumable instructional materials.	\$2,206,123	\$1,500,000	\$706,123
PE Teacher Incentive Grant: Funding would not be sufficient to provide a sustainable physical education program and, thus, this program would be eliminated.	\$159,392	\$0	\$159,392
Peer Assistance and Review: The Peer Assistance and Review program was intended to provide supplemental support to experienced teachers identified as needing strategic intervention in order to increase classroom practices. Since it was never fully implemented, it would be eliminated.	\$152,530	\$0	\$152,530
Professional Development Block Grant: This grant is currently used to fund three days of professional staff development time for K-12 SCTA staff. These three days were added to the regular K-12 teacher salary schedule. This allocation would be reduced by one staff development day and would be funded by categorical sources.	\$2,358,344	\$1,572,229	\$786,115

**Budget Factors used for
2010-11
General Fund**

**Tier III
Budget Adjustments**

**Board Approved Recommendations to Balance 2010-11 Budget
Detail of Tier III Transfers (continued)**

**Budget Factors used for
2010-11
General Fund**

Tier III Program	Original Funding	Proposed Funding	2010-11 Savings
Pupil Retention Block Grant: This grant program currently funds teacher positions to implement Dropout Prevention at five elementary and one middle school site and Opportunity Classes at four high schools. With the elimination of these funds, sites would utilize categorical funds to provide targeted interventions.	\$840,175	\$0	\$840,175
Regional Occupational Program: Regional Occupational Program (ROP) currently funds approximately 20 high school teachers throughout the district. These positions would be maintained through the next school year. Budgetary and staffing reductions would be from the Central Office and would not adversely affect ROP, Career Technical Education or Multiple Pathways programs at the high schools.	\$1,885,702	\$1,618,226	\$267,476
School Library/Improvement Block Grant: Currently, 85% of these funds are allocated to sites. Under this proposal, two additional days of librarian time at nine middle schools and five K-8 schools would be provided. In addition, approximately \$230,000 would be allocated to elementary school sites to be used for literacy interventions.	\$3,361,349	\$953,663	\$2,407,686
School Safety Competitive Grant: The School Safety Competitive Grant Program, which partially funds School Resource Officers, would be retained.	\$531,667	\$531,667	\$0
Staff Development – Administrator Training: Funding would not be sufficient to provide a sustainable professional development program and, thus, this program would be eliminated. Other funding sources would be reviewed for availability to enable staff to continue to receive this training.	\$33,472	\$0	\$33,472
Staff Development – Math and Reading Professional Development: This professional development funding for Math and Reading would be eliminated and other funding sources would provide for this training.	\$195,647	\$0	\$195,647
Supplemental School Counseling: The intent of this program is to provide supplemental counseling services to middle and high schools. At this time, funds would be used for 10 counselors at the high school level. Earlier proposed budget reductions approved by the Board included the elimination of 26 counselors funded from the General Fund. These 10 counselors would be the only counselors remaining to support students. Staff would develop a plan to provide limited counseling services.	\$1,164,990	\$896,150	\$268,840
Targeted Instructional Improvement Block Grant: These funds currently provide support services and personnel in a wide range of areas, including social and emotional supports for students and families, parent engagement, instructional intervention, data collection, compliance and quality monitoring, curriculum, professional development, assessment, coaching for site administrators and teachers, behavioral supports and English Language Learner support. Funding would be reduced with streamlined and focused school-support services continuing.	\$2,419,063	\$1,406,000	\$1,013,063
Teacher Credentialing Block Grant: This grant is currently used to support the Beginning Teacher Support and Assessment Program (BTSA). This two-year program would be suspended for one year and funds would be set aside to complete the two-year cycle. New teachers would be able to enroll in a BTSA program at local colleges and universities.	\$756,940	\$100,000	\$656,940
Total	\$32,587,800	\$17,587,800	\$15,000,000

**Tier III
Budget Adjustments
(continued)**





In October 1991, Governor Wilson signed into law Assembly Bill 1200 which became effective on January 1, 1992, allowing school districts to choose one of two methods for the approval of their local budgets. For the last 14 fiscal years, as well as the 2010-11 fiscal year, the Governing Board has adopted the single budget adoption process which requires a school district to conduct its public hearing and adopt its final budget by July 1 of each year. The selection of the single budget adoption process further requires a district to make available for public review, within 45 days of the Governor’s signing of the State Budget, “revisions in revenue and expenditures that reflect the funding made available” by the State Budget Act.

The process of developing a school district budget is an ongoing function that must be addressed by the Board and Administration throughout the school year. In order to effectively develop a fiscal document that reflects the goals and objectives of the school district, the budget process must include a well-defined budget calendar outlining when each component of the budget is to be completed.

Although there are numerous deadlines used in the development of the 2010-11 budget, the calendar highlights the main steps, specifically those involving the Governing Board. The budget calendar above was used for the 2010-11 budget adoption process.

2010-11 Budget Calendar	
December, 2009 <ul style="list-style-type: none"> • Present Calendar to Board for Approval • Board Discussion on Projected Deficit and Budget Process • Board Approval of First Interim Report 	December 10 December 10 December 17
January, 2010 <ul style="list-style-type: none"> • Analyze Governor’s Budget Proposal and Present to Board for Discussion • Budget Survey to Parents/Community/Staff • Prioritize Recommended Budget Reductions 	January 21 TBD January 21
February, 2010 <ul style="list-style-type: none"> • Board Approval on Mid-Year Reductions if Needed • Task Force/Committee Updates Provided to Board (Title I, ELL, Special Ed. etc.) • Potential Budget Reductions to Board for Conference • Draft Strategic Plan to Prioritize Resource Allocations • Public Information Meetings As Needed 	February 4 February 18 February 18 February 18 TBD
March, 2010 <ul style="list-style-type: none"> • Board Action on Recommended Budget Reductions • Certificated Lay Off Notices to Meet March 15 Deadline • Board Approval of Second Interim Report • Public Information Meetings as Needed 	March 4 March 4 March 18 TBD
April, 2010 <ul style="list-style-type: none"> • Board Action on Final Budget Reductions • Classified Lay Off Notices • Public Information Meetings as Needed 	April 15 April 15 TBD
May, 2010 <ul style="list-style-type: none"> • Governor’s “May Revise” Report • Board Discussion of the Projected “May Revise” and Approval of the Final 2010-11 Budget Balancing Recommendations if Needed • Finalize 2010-11 District Budget if Additional Action Needed 	Early May May 6 May 20
June, 2010 <ul style="list-style-type: none"> • Public Hearing and Adoption of 2010-11 Proposed Budget 	June 17

Budget Calendar



General Fund - 01

Special Revenue Funds

- Charter Fund - 09
- Adult Education Fund - 11
- Child Development Fund - 12
- Cafeteria (Campus Catering) Fund - 13

Deferred Maintenance Fund - 14

Local Building Fund - 21

- Redevelopment Projects
- Certificates of Participation (COP)
- General Obligation Bonds

Capital Facilities Funds

- Developer Fees Fund - 25
- Capital Project Fund - 49
- Debt Service Fund - 52

Bond Interest and Redemption Fund - 51

Internal Service Fund - 67

- Self Insurance
- Workers' Compensation
- Dental/Vision

Retiree Benefits Fund - 71



District Organization

**Funds Operated by
the District**





Budget Development Process

Preparing the budget is an ongoing process that formally begins in January of each year for the following July. Dependent on state financial information and projections, for the past nine years, the district has been reducing expenditures or generating revenues. The decisions on these actions have been accomplished through a variety of methods. A District-Wide Budget Advisory Committee was in place for many years, multiple community/parent/student forums were held, a Board Budget Sub-Committee was utilized as well as Board and community feedback at Board meetings. In addition, an extensive survey was done in 2010. District partners, bargaining units and outside agencies provided input and guidance as the district struggled with more than \$177 million in reductions over this nine year period.

School site allocations are based on negotiated contract language and student-driven formulas. In addition to General Fund allocations, categorical funds are provided based on formula or the particular requirements of the grant.

Departmental budgets have been reduced significantly over the past nine years and minimal budgets remain. Student and site support remain a priority of departments with their limited means.

Once the Board has approved the Adopted Budget, a site or department can reallocate their dollars as needs arise. All sites and departments have continuous on-line access to their budgets. This allows them to ascertain, at any point in time, where they stand financially. Further, after training is provided, all sites and departments have the ability to make budget transfers directly into the computer system as necessary.

Budget management is accomplished in part through the district's fully integrated financial software system. Orders for both in-house warehouse items and outside vendor items are entered at the site or department and must include a valid account number to which the items will be charged. The software verifies the validity of the account number, and whether sufficient dollars are available to cover the items being purchased. The system advises the user immediately if the order will or will not be forwarded for approval. In addition, the user can track the status of the requisition or respond to any questions from staff that approve the purchase.

The district's on-line system access with immediate posting has several benefits, specifically, appropriate site-based decisions as to how and when dollars are spent and immediate financial information so timely and well-informed decisions are made.

Budget Development Process



The district accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the district conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The district is a fiscally accountable district. This means the district issues its own payroll and vendor warrants. The district remains to be overseen by the Sacramento County Office of Education (SCOE). This means the district must submit its first interim budget, second interim budget, annual budget and actual financial reports to SCOE for their review and approval. SCOE requires the district to audit each of its warrant registers. Additionally, on a periodic basis, SCOE will conduct audits of the district's warrants which have been issued. The following is a summary of significant accounting policies:

- A. **Fund Accounting** - The accounts of the district are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, as appropriate. District resources are allocated to, and accounted for, in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The district accounts are organized into governmental, proprietary and fiduciary funds.

Governmental Funds:

Governmental funds are used to account for activities that are governmental in nature. They are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities and repayment of long term debt.

General Fund is the main operating fund of the district. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the district's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. A district may have only one general fund.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. Routine purchases of capitalized items are typically reported in the General Fund. A capital projects fund should be used for major capital acquisition or construction activities that would distort trend data if not reported separately. The Building Fund, which accounts for the acquisition of major governmental capital facilities and buildings from bond proceeds is included in this category.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Funds in this category are Charter Fund, Adult Education Fund, Child Development Fund, Nutrition Services Fund and Deferred Maintenance Fund.

Budget Development Process

Significant
Accounting Policies
and Terms





Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Debt service funds are used when financial resources are being accumulated for principal and interest payments maturing in future years or when required by law. The Bond Interest and Redemption Fund is SCUSD's Debt Service Fund.

Proprietary Funds:

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the district. Proprietary funds are generally intended to be self-supporting.

Internal service funds are used to account for goods or services provided on a cost reimbursement basis to other funds or departments within the LEA and, occasionally, to other agencies. The goal of an internal service fund is to measure and recover the full cost of providing goods or services through user fees or charges, normally on a break-even basis. SCUSD has established the Dental/Vision and Worker's Compensation Fund as internal service funds.

Fiduciary Funds:

Fiduciary funds are used to account for assets held by the district as trustee. The district maintains the Warrant/Pass-Through Fund which is used to account for district payroll transactions. In addition, the Retiree Benefit Fund is used to account for contributions to post-employment benefits.

- B. **Basis of Accounting** - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide revenues and expenditures are recorded using the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Accrual:

Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual:

Revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

- C. **Budgets and Budgetary Accounting** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By State law, the district’s Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. These budgets are revised by the district’s Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The district employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

- D. **Encumbrances** - Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts and other commitments when they are initiated. Encumbrances are liquidated when the commitments are paid.

- E. **Inventories** - Warehouse inventories consist of general and cafeteria products and are maintained through the district’s on-line system. The inventory is replenished by evaluating the past usage and expended through a warehouse account. The school sites and departments are charged upon requisitioning their orders and return the revenues back to the warehouse.

- F. **Prepaid Expenses** - The district has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The district chooses to report expenditures in the benefiting period.

- G. **Capital Assets** - Assets purchased or acquired with an original cost of \$5,000 or more are reported as capital assets.

- H. **Fund Balance Reserves and Designations** - Reservations of the ending fund balance indicate the portions of fund balance not set up for expenditure or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

Revenue

8010-8099	Revenue Limit Sources
8100-8299	Federal Revenue
8300-8599	Other State Revenue
8600-8799	Other Local Revenue
8900-8929	Transfers In
8930-8979	Other Sources

Expenditures

1000-1999	Certificated Salaries
2000-2999	Classified Salaries
3000-3999	Employee Benefits
4000-4999	Books and Supplies
5000-5999	Services and Other Operating Expenditures
6000-6999	Capital Outlay
7100-7399	Other Outgo
7600-7629	Transfers Out
7630-7699	Other Uses

In accordance with the California Standardized Account Code Structure (SACS), the district classifies its revenues and expenditures in the table above.

Budget Development Process

Significant Accounting Policies and Terms (continued)





Each school receives an allocation for supplies and materials (i.e., library books, reference books, instructional classroom supplies, instructional media materials/supplies, office supplies, replacement equipment, capital outlay equipment, copier machine maintenance costs and telephones) based upon a student allocation formula projection for 2010-11.

School site staff have latitude on how to expend the available discretionary dollars. The amounts of the allocations for 2010-11 are as follows:

Educational Level	Supply/Material/Telephone Allocations per Enrollment
Elementary (K-6)	\$ 51
Middle (7-8)	\$ 56
High School (9-12)	\$ 86



California Distinguished School
Golden Empire Elementary

Budget Development Process

Supply/Material Allocations

Budget Administration and Management

During the 2010-11 fiscal year, the Board will utilize the single step budget calendar in meeting its legal requirements regarding the adoption of the annual operating budget. The district's annual Proposed Budget is approved at the June Board meeting each year. Consistent with California Education Code, the district must revise its 2010-11 budget for all funds within 45 days from the date the State adopts its budget (State Budget Act).

Budget Revisions

Financial reports called Budget Revisions are presented by the Administrative Services staff to the Board periodically throughout the fiscal year. These reports provide details of revenue adjustments and a summary of adjustments made to the major object classifications of expenditure accounts. The Budget Revisions also provide expenditures and encumbrances to date by major object classification. This report is another tool used by management to monitor the budget.



Cesar Chavez Elementary
Math Night

Budget Development Process

**Budget
Administration and
Management**





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Abraham Lincoln Elementary
students visit a local farm









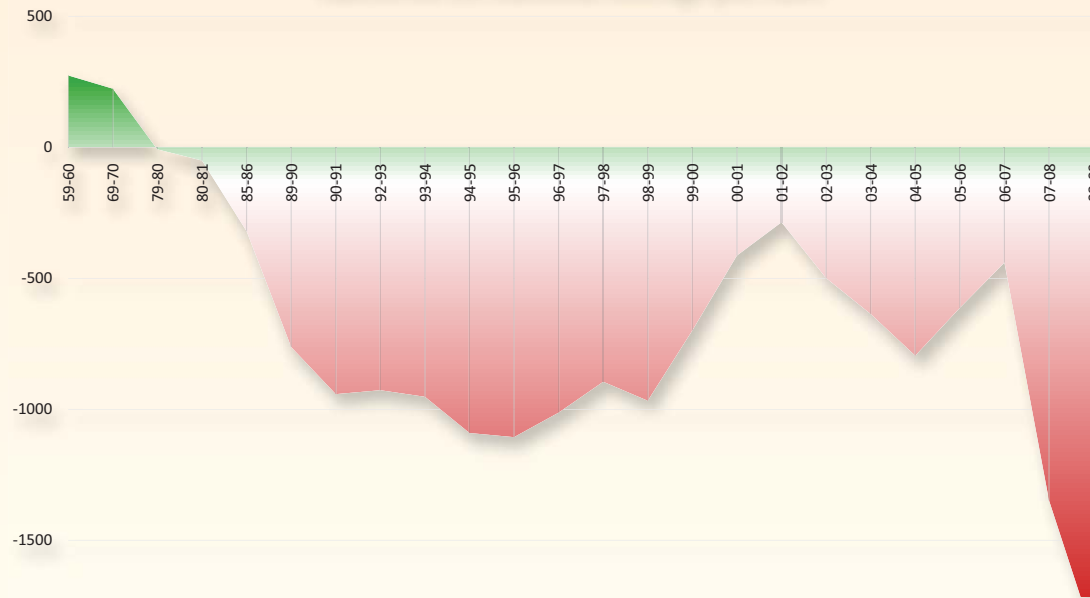
Summary of Financial Data

The 2004-05 fiscal year was the first year since the passage of Proposition 98 by the voters in 1988 where the initiative’s dollar guarantee was suspended/rebased. The State Budget Act allocated \$2 billion less than the Proposition 98 minimum (“The Deal”). If “The Deal” was kept with education, school districts would not have given up any more than the \$2 billion. Based upon the adopted State budget, “The Deal,” was not being kept and school districts had to recognize an additional \$1.8 billion less in Proposition 98 funding in 2004-05 and an additional \$1.3 billion less in Proposition 98 funding in 2005-06.

On May 10, 2006 a settlement over the prior year funding of the Proposition 98 guarantee provided for added Proposition 98 funding that was due for the 2004-05 and 2005-06 fiscal years. The State budget included \$2 billion, plus budget language that calls for an additional \$3 billion to be paid in annual installments through 2013-14. Installments began with \$300 million in 2008-09 and increase to \$450 million per year until the debt is paid.

Starting in 1987-88 and continuing through the first half of the 1990s, California saw itself drop from a position of providing a relatively high level of support to public education to a position of ranking close to the bottom when comparing per pupil expenditures in California with other states throughout the country. The financial picture for California in fiscal year 2008-09 deteriorated rapidly. Unfortunately, it does not look better for 2010-11. As a result, California now ranks near the bottom in per pupil expenditures.

California vs. National Average per ADA



This graph displays what has happened during the past several years relative to California’s financial support for public education.

Summary of Financial Data



Revenue Sources

All Funds Revenue

Funds	2009-10 3rd Interim	2010-11 Adopted Budget	2010-11 Revised
General	\$393,924,419	\$357,101,867	\$364,177,671
Charter	\$9,437,464	\$9,534,176	\$9,534,176
Adult	17,210,996	10,892,262	10,892,262
Child Development	21,652,066	18,794,942	18,794,942
Nutrition Services	19,099,217	18,456,532	18,456,532
Deferred Maintenance	3,427,612	0	0
Building Fund	41,549,204	410,230	410,230
Capital Facilities*	2,935,913	2,774,205	2,774,205
Retiree Benefit	19,050,000	20,370,000	20,370,000
Self Insurance Fund	8,450,000	8,350,000	8,350,000
Total	\$536,736,891	\$446,684,214	\$453,760,018

All Funds Expenditures

Funds	2009-10 3rd Interim	2010-11 Adopted Budget	2010-11 Revised
General	\$414,800,789	\$338,085,057	\$345,160,861
Charter	\$9,961,076	\$9,480,288	\$9,480,288
Adult	17,611,173	10,892,262	10,892,262
Child Development	22,174,073	18,794,942	18,794,942
Nutrition Services	18,599,217	18,420,576	18,420,576
Deferred Maintenance	3,428,842	2,640,030	2,640,030
Building Fund	85,524,786	9,398,440	9,398,440
Capital Facilities*	8,861,607	2,905,000	2,905,000
Retiree Benefit	19,050,000	20,510,000	20,510,000
Self Insurance Fund	8,285,299	9,846,044	9,846,044
Total	\$608,296,862	\$440,972,639	\$448,048,443

*Includes Developer Fees, Capital Project and Debt Service Funds

Summary of Financial Data

**Summary of all
Funds within
District**





Revenue Sources

The district categorizes its general fund revenue into five sources:

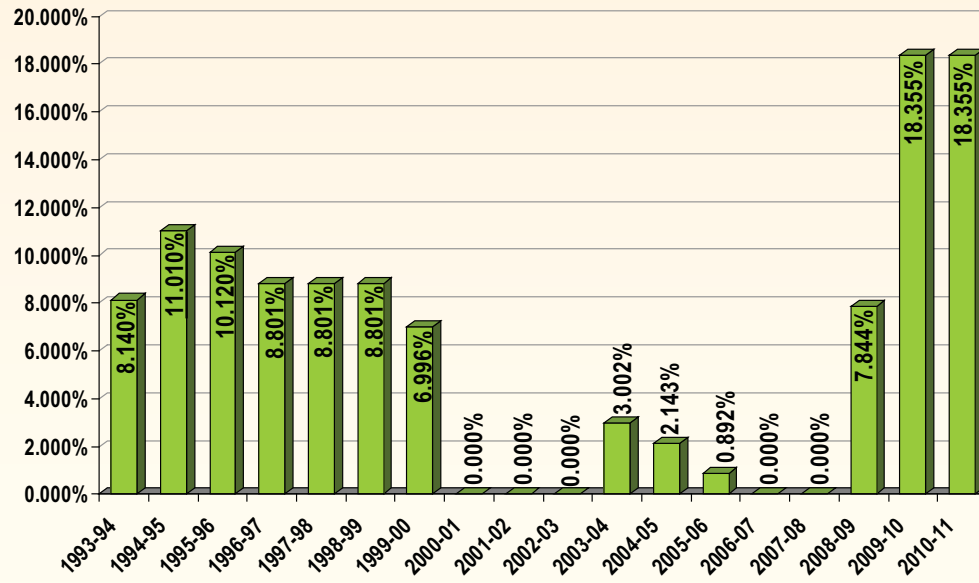
1. Revenue limit (consisting of a mix of State and local revenue):
2. Federal revenue
3. Other state revenue
4. Other local revenue
5. Other sources

Revenue Limit Sources: Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying the actual Average Daily Attendance (ADA) by a base revenue limit. The basic revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenue among all California school districts of the same type.

Funding of the district's revenue limit is provided by a combination of local property taxes and state apportionments of basic and equalization aid. Generally, the state apportionments will amount to the difference between the district's revenue limit and its local property tax revenue.

Another calculation in the revenue limit is the deficit factor. While the district is entitled to a certain amount, the state reduces our funding by a deficit factor. This chart shows the fluctuation over an 18 year history:

Revenue Deficit Factor



Assumptions & Effect of State Budget on District Revenues



Revenue Sources

Revenue Sources

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on countywide property values are to be shared with local taxing entities within each county. Revenue Limit Sources are projected to be 60% of General Fund revenue for 2010-11.

Federal Revenue Sources: Federal revenue is generated from the Federal Government and is restricted (categorical) in nature, which means it must be expended on special programs. Major sources of federal revenue include Title I (NCLB Act), Title II and Special Education. Federal revenue comprises approximately 18% of General Fund revenue in 2009-10 and 11% in 2010-11. The reduction is partially a result of the end of the American Recovery and Reinvestment Act (ARRA) funding.

Other State Revenue Sources: Other state revenue includes the California State Lottery which was established by a constitutional amendment approved in the November 1984 general election and revised by Proposition 20 in 1999. Lottery revenue must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenue comprised 1.55% of general fund revenue in 2009-10 and 1.75% in 2010-11. State Special Education master plan funding and state K-3 Class Size Reduction make up the largest portion of other state revenue sources. Total other state revenue sources expected to be received by the district in 2010-11 comprises approximately 28% of the General Fund revenue.

Other Local Revenue Sources: In addition to property taxes, which are recorded as revenue under the Revenue Limit Sources, the district receives additional local revenue from items such as interest earnings, donations, leases and rentals, and other local sources. Other local revenue comprised approximately 2% of General Fund revenues in 2009-10 and is budgeted to equal approximately 1% of General Fund revenue in 2010-11.

**Assumptions & Effect of
State Budget on District
Revenues**

**Revenue Sources
(continued)**





Revenue Classifications

For reporting purposes, General Fund Revenue is divided into five (5) major account classifications. Following are summations of the major account classifications and anticipated revenues for 2010-11, as compared to the district's 2009-10 3rd Interim Budget.

Revenue Limit Revenue

Revenue Limit Revenue represents the main source of General Fund revenue by generating approximately 60% of General Fund revenue. This source of revenue includes both unrestricted state aid and local property taxes. Beginning July 1, 2009, both the hourly and apprentice program revenue was moved to the Other State Revenue category.

It is currently anticipated that \$211,967,397 will be received from Revenue Limit Revenue sources in 2010-11.



Tree planting at the Capitol by Bowling Green and Leonardo da Vinci students

Summary of General Fund Financial Data Revenue



Revenue Limit Revenue

Federal Revenue

Federal Revenue, which represents approximately 11% of General Fund revenue, is revenue generated from the Federal Government and is restricted (categorical) in nature, which means that it must be expended on special programs. Major sources of revenue include Title I, Title II and Special Education.

It is currently projected that \$39,291,289 will be received from Federal Revenue sources in 2010-11. This represents a decrease of \$30,805,213 compared to the 2009-10 3rd Interim Budget.

After adoption of the budget, federal revenues of \$1,524,000 were added to the budget for negotiated changes. This reflects a decrease of \$29,281,213 from the 2009-10 3rd Interim Budget.

In fiscal year 2009-10, the district received approximately \$44 million of one-time funds associated with the American Recovery and Reinvestment Act (ARRA) that are not included in the 2010-11 Budget.

Program	2010-11 Adopted Budget
Title I	\$18,692,560
Other No Child Left Behind	7,305,407
Special Education Entitlement	9,636,056
Special Education Discretionary Funds	705,040
Vocational Technology	452,546
Other Federal Revenue	
Medi-Cal	2,000,000
Indian Education	124,788
Corporation for Community Services	22,340
Foster Youth	45,000
ROTC	307,552
Total Federal Revenue	\$39,291,289.00

Summary of General Fund Financial Data Revenue

Federal Revenue

2009-10 3rd Interim Budget	2010-11 Proposed Budget	Increase/ (Decrease)
\$70,096,502	\$39,291,289	\$(30,805,213)





Other State Revenue

Other State Revenue represents approximately 28% of the total General Fund revenue. In 2008-09, some of the Other State Revenue received by the district became unrestricted or flexible otherwise referred to as Tier III. Other large programs include Lottery, Class Size Reduction and Supplemental Hourly Programs.

There are several programs which remain restricted (categorical), including Special Education, Economic Impact Aid (EIA) and Transportation.

As part of the new State Flexibility Program funding for Adult Education and Deferred Maintenance revenue has been moved to the district's General Fund.

It is currently anticipated that approximately \$101,521,333 will be realized from Other State Revenue in 2010-11. This represents a decrease of \$1,234,710 when compared to the 2009-10 3rd Interim Budget.

After adoption of the budget, state revenues were increased by \$3,301,804 for changes in K-3 class size reduction. This reflects an increase of \$2,067,094 from the 2009-10 3rd Interim Budget.

Program	2010-11 Adopted Budget
Tier III Revenue	\$32,587,800.00
Special Education	24,525,797
Class Size Reduction K-3	9,866,219
Economic Impact Aid	8,401,021
Quality Education Investment Act	6,865,376
Lottery	6,261,553
Supplemental Hourly Programs	3,830,736
Special Education Transportation	3,440,275
After School Education and Safety	2,064,612
MAA -Medi-Cal	1,572,246
Home to School Transportation	1,296,516
Other State Revenue	327,164
Early Mental Health Initiative	248,988
Special Education -Workability	233,030
Total Other State Revenue	\$101,521,333.00

2009-10 3rd Interim Budget	2010-11 Proposed Budget	Increase/ (Decrease)
\$102,756,043	\$101,521,333	\$(1,234,710)

Summary of General Fund Financial Data Revenue (continued)

Other State Revenue

Other Local Revenue

Revenue accounted for in the Other Local Income section of the budget, which represents approximately 1% of total General Fund revenue, is both unrestricted and restricted (categorical). Major sources of revenue in this category include interest investments, donations, leases and rental of facilities.

It is currently anticipated that approximately \$4,321,853 will be realized in 2010-11 from Other Local Income sources. This represents a decrease of \$6,254,172 when compared to the 2009-10 3rd Interim Budget. The 2009-10 3rd Interim Budget included \$1.2 million from a one-time local grant and \$1.9 million transfers in.

After adoption of the budget, local revenues were increased by \$2,250,000 for negotiated changes. This reflects a decrease of \$4,004,172 from the 2009-10 3rd Interim Budget.

SCUSD includes donations in the budget as funds are received. In addition, cash deferrals from the state significantly affect interest earned.

**Summary of General Fund
Financial Data Revenue
(continued)**

Other Local Revenue

2009-10 3rd Interim Budget	2010-11 Proposed Budget	Increase/ (Decrease)
\$10,576,025	\$4,321,853	\$(6,254,172)





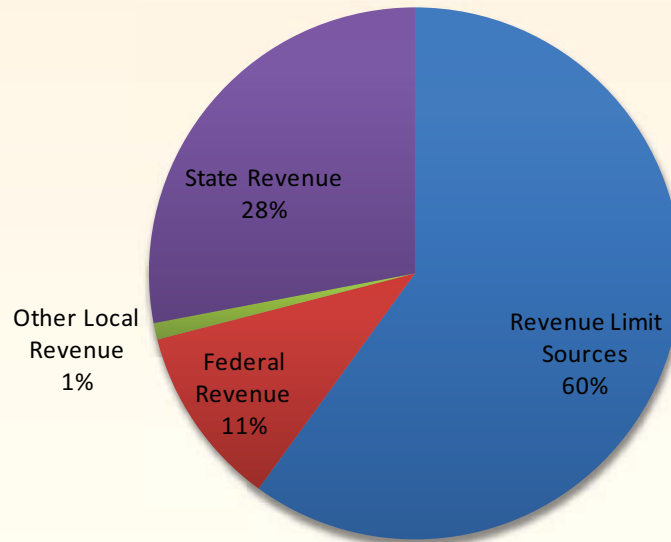
Summary Of Revenue Sources

Following is a summary of General Fund revenue sources for both 2009-10 and 2010-11:

Source	2009-10 3rd Interim Budget	2010-11 Adopted Budget	2010-11 Revised Budget
Revenue Limit Sources	\$210,495,849	\$211,967,392	\$211,967,392
Federal Income	70,096,502	39,291,289	40,815,289
State Income	102,756,043	101,521,333	104,823,137
Local Income	10,576,026	4,321,853	6,571,853
Total	\$393,924,420	\$357,101,867	\$364,177,671

Following is a chart of General Fund revenue sources for 2010-11:

General Fund Revenue Percentage



Summary of General Fund
Financial Data Revenue
(continued)

Summary of Revenue Sources

Expenditure Classifications

For reporting purposes, General Fund expenditures are divided into seven (7) major account classifications. The following is a summation of the major account classifications and anticipated expenditures for 2010-11 as compared to the 2009-10 3rd Interim Budget expenses.

Certificated Salaries

Certificated salaries include teachers, administrators, counselors, librarians, supervisors, psychologists and other employees who maintain credentials with the State of California. Certificated salaries represent approximately 45% of total expenditures.

It is projected that \$151,414,075 will be expended on certificated salaries in 2010-11. This represents a decrease of \$19,893,853 from 2009-10 3rd Interim Budget.

After adoption of the budget, 120 FTE certificated positions were reinstated; therefore, the projected certificated salaries is \$157,102,491. This reflects a decrease of \$14,205,439 from the 2009-10 3rd Interim Budget. It is important to note that as school site categorical funds are allocated for staffing, the budget for certificated salaries will increase.

Classified Salaries

Classified salaries are comprised of the district's support staff, including instructional aides, clerical, custodial, maintenance, grounds, transportation, uncredentialed administrative and other personnel who are not required to maintain a credential with the State of California. These expenses represent approximately 14% of total expenditures.

It is projected that \$45,978,390 will be expended on classified salaries in 2010-11. This represents a decrease of \$9,913,827 from 2009-10 3rd Interim Budget.

Major changes in classified salaries primarily relate to the implementation of three furlough days, and reduction of staffing at the Central Office. As school site categorical funds are allocated for staffing, the budget for classified salaries will increase.

Summary of General Fund Financial Data Expenditures



Certificated Salaries & Classified Salaries





Employee Benefits

Employee benefits include all employer contributions to retirement plans (State Teachers Retirement, Public Employees Retirement and Social Security) and health and welfare benefits provided to all eligible employees. These expenses represent approximately 27% of total expenditures.

It is currently anticipated that approximately \$91,433,258 will be expended on employee benefits in 2010-11. This represents a decrease of \$8,142,175 from 2009-10 3rd Interim Budget.

After adoption of the budget, certificated positions were reinstated; therefore, projected employee benefits is \$93,375,080. This reflects a decrease of \$6,200,353 from the 2009-10 3rd Interim Budget.

Health benefit costs increased by approximately 10% for the 2010-11 year. Reductions related to decreased staff are reflected in this budget. As school site categorical funds are allocated for staffing, the budget for employee benefits will increase.

Statutory benefits which excludes health and welfare benefits are based upon a formula percentage of the employee's salary.

Statutory Benefits	Certificated	Classified
STRS	8.25%	0.00%
PERS/PERS Reduction	0.00%	13.02%
Unemployment	.72%	.72%
Workers' Compensation	1.88%	1.88%
OASDHI	0.00%	6.20%
Medicare	1.45%	1.45%

Summary of General Fund
Financial Data Expenditures
(continued)

Employee Benefits