FCMAT

Sacramento City Unified School District

Fiscal Review

September 21, 2006

FISCAL CRISIS
& MANAGEMENT ASSISTANCE TEAM



Administrative Agent
Larry E. Reider
Kern County
Superintendent of Schools

Chief Executive Officer
Joel D. Montero

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Larry E. Reider
Office of Kern County
Superintendent of Schools

Chief Executive Officer
Joel D. Montero

1300 17th Street – City Centre
Bakersfield, CA 93301-4533
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Web site.....www.fcmat.org

422 Petaluma Blvd. North, Suite C
Petaluma, CA 94952
Telephone.....707-775-2850
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September 21, 2006

M. Magdalena Carrillo Mejia, Superintendent
Sacramento City Unified School District
5735 47th Avenue
Sacramento, CA 95824

Dear Superintendent Mejia:

In March 2006, the Fiscal Crisis and Management Assistance Team (FCMAT) received a request from the Sacramento City Unified School District for a review that would perform the following:

1. Conduct an analysis of the district's 2006-07 budget assumptions and projections through June 30, 2006 for all funds and the multi-year projections of the general fund included in the district's second interim financial report. Provide information on potential areas for cost containment and the use of funds for the 2006-07 budgets.

2. Evaluate the district's procedures for budget development, monitoring, and budget revisions for all funds and provide recommendations for improvement, including examples of procedures and time lines that are consistent with professional standards within California's public education environment.

FCMAT visited the district May 8-10, 2006. This report is the result of that effort. We have appreciated the opportunity to serve you, and we extend our thanks to all the staff of the Sacramento City Unified School District.

Sincerely,

Joel D. Montero, Chief Executive Officer

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Fiscal Crisis & Management Assistance Team

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Foreword

FCMAT Background

The Fiscal Crisis and Management Assistance Team (FCMAT) was created by legislation in accordance with Assembly Bill 1200 in 1992 as a service to assist local educational agencies in complying with fiscal accountability standards.

AB 1200 was established from a need to ensure that local educational agencies throughout California were adequately prepared to meet and sustain their financial obligations. AB 1200 is also a statewide plan for county offices of education and school districts to work together on a local level to improve fiscal procedures and accountability standards. The legislation expanded the role of the county office in monitoring school districts under certain fiscal constraints to ensure these districts could meet their financial commitments on a multiyear basis. AB 2756 provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans. These include comprehensive assessments in five major operational areas and periodic reports that identify the district's progress on the improvement plans

Since 1992, FCMAT has been engaged to perform more than 500 reviews for local educational agencies, including school districts and county offices of education. Services range from fiscal crisis intervention to management review and assistance. FCMAT also provides professional development training. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The agency is guided under the leadership of Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

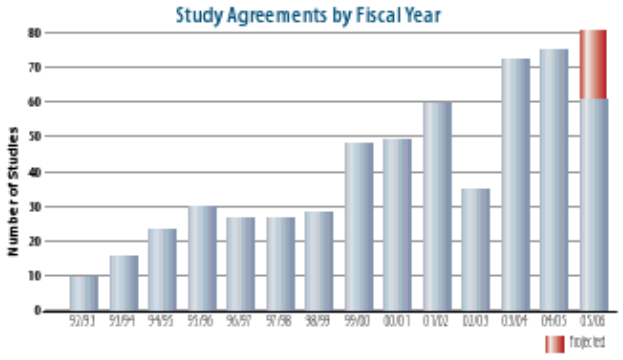
Total Number of Studies 562

Total Number of Districts in CA..... 982

Management Assistance	513	(91.28%)
Fiscal Crisis/Emergency	42	(7.47%)
Emergency Loan	7	(1.25%)

Note: Some districts had multiple studies

(Rev. 4/7/04)



Sacramento City Unified School District

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(Rev. 4/7/06)

80

70

60

50

40

30

20

10

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Sacramento City Unified School District

Study Agreements by Fiscal Year

92/93 93/94 94/95 95/96 96/97 97/98 98/99 99/00 00/01 01/02 02/03 03/04 04/05 05/06 Projected

Fiscal Crisis & Management Assistance Team

Introduction

Background

Located in the city of Sacramento, the Sacramento City Unified School District is among the state's 10 largest school districts and serves approximately 50,000 students in kindergarten through twelfth grade.

The district is composed of 54 elementary schools, six kindergarten through eighth grade schools, eight middle schools, six high schools, one continuation school, one independent study school, one alternative school, 12 charter schools, six of which are dependent, and five adult education centers.

In March 2006, the Fiscal Crisis and Management Assistance Team (FCMAT) received a request from the Sacramento City Unified School District for a study that would perform the following:

1. Conduct an analysis of the district's 2005-06 budget assumptions and projections through June 30, 2006 for all funds and the multiyear projections of the general fund included in the district's second interim financial report. Provide information on potential areas for cost containment and the use of funds for the 2006-07 budgets.

2. Evaluate the district's procedures for budget development, monitoring, and budget revisions for all funds and provide recommendations for improvement, including examples of procedures and time lines that are consistent with professional standards within California's public education environment.

Study Team

The study team was composed of the following members:

Michelle Plumbtree
FCMAT Management Analyst
Petaluma, CA

Margaret Rosales
FCMAT Consultant
Kingsburg, CA

Leonel Martinez
FCMAT Public Information Specialist
Bakersfield, CA

Linda Grundhoffer
FCMAT Consultant
Danville, CA

Study Guidelines

FCMAT visited the district in May 2006 to conduct interviews, collect data and review documentation. This report is the result of those activities and is divided into the following sections:

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Michelle Plumbtree Margaret Rosales FCMAT Management Analyst FCMAT Consultant Petaluma, CA Kingsburg, CA

Leonel Martínez Linda Grundhoffer FCMAT Public Information Specialist FCMAT Consultant Bakersfield, CA Danville, CA Study Guidelines FCMAT visited the district in May 2006 to conduct interviews, collect data and review documentation. This report is the result of those activities and is divided into the following sections:

I. Executive Summary
II. Position Control
III. 2005-06 Budget Assumptions
IV. Budgetary Review
V. Cost Containment
VI. Budget Development
VII. Categorical Funds
VIII. Staffing Formulas
IX. Reconciliation of Prior Year Accounts
X. Training
XI. Retiree/Post Retirement Benefits
XII. Long-Term Debt
XIII. Appendices

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Fiscal Crisis & Management Assistance Team