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such other information or representation not so authorized should not be relied upon as having been given or

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COUNTY OF SACRAMENTO, CALIFORNIA

DISTRICT BOARD OF EDUCATION

Gustavo Arroyo
President

Patrick Kennedy
First Vice President

Ellyne Bell
Second Vice President

Jeff Cuneo

Donald Terry

Diana Rodriguez
Member (Area 5)

Darrel Woo
Member (Area 6)

Student Member

DISTRICT ADMINISTRATION

Jonathan Raymond
Superintendent and Board Secretary

Patricia Hagemeyer
Chief Business Officer

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Wright-Harrington & Sutcliffe LLP

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§ _____*
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

The day-to-day operations are managed by a board-appointed Superintendent of Schools. Jonathan
Raymond was appointed Superintendent of Schools on July 23, 2009, and his term commenced on August 31, 2009. Mr.

Raymond previously served as chief accountability officer for Charlotte-Mecklenburg Schools in North Carolina.

Notes for any period after maturity of the Notes during which the registered owner thereof fails to properly present said Notes for payment.

Form and Registration: The Notes will be issued in fully registered book-entry form only in

of \$1,000,000. The Notes will initially be

of \$1,000,000. The Notes will initially be

Sacramento City Unified School District
(County of Sacramento, California)

Sources and Uses of Funds

Sources of Funds

Original Issue Premium

Original Issue Premium

Total Sources \$

Uses of Funds

Underwriter's Discount

Underwriter's Discount

Costs of Issuance⁽¹⁾

Total Uses \$

⁽¹⁾ Includes bond counsel fees, disclosure counsel fees, financial advisor fees, rating agency fees, printing fees and other miscellaneous expenses.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of

each district's State funding are affected differently. Under the rule of White v. Davis (also referred to as Jarvis v. Connolly), a State Court of Appeals decision reached in 2002, there is no constitutional mandate for appropriations to

school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be

disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing

departmental operating costs related to the workforce cap. The budget also assumes the State will receive \$5.4 billion of new federal funding (most of which has yet to be approved by Congress) assumes \$3.3 billion of

\$7.7 billion for school districts. These statutory factors are created to establish State intent to repay the K-12 per-pupil reductions in the future, including foregone cost-of-living adjustments ("COLAs").

ended in March 2010 payments and \$762 million in April 2010 payments to August 2010. This schedule

- Requires the State to adjust the Proposition 98 calculation so that any shift in local property taxes previously received by redevelopment agencies has no effect on the Proposition 98 minimum guarantee in

2011-12.

Assembly Bill 680. The bill was passed by the State Legislature. AB 680 has not yet been sent to the

1. The District's base revenue limit per A.D.A. is budgeted to be \$6,351 for fiscal year 2010-11, compared to an amount of \$6,376 for 2009-10. The District's recent A.D.A. history for grades K through 12, including special education, is set forth in the table below:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

The District's base revenue limit per A.D.A. is budgeted to be \$6,351 for fiscal year 2010-11, compared to an amount of \$6,376 for 2009-10. The District's recent A.D.A. history for grades K through 12, including special education, is set forth in the table below:

**Sacramento City Unified School District
Total Grades K-12 Second Period (P-2)
Average Daily Attendance**

5 _____ D. '1

[REDACTED]

In basic aid districts, the opposite is generally true: increasing enrollment does increase the revenue limit, but since all revenue limit income (and more) is already generated by local property taxes, there is no increase in

State income, other than the \$120 per student in basic aid received in the form of categorical aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a basic aid district.

For revenue limit districts, any loss of local property taxes is made up by an increase in State equalization aid until the base revenue limit is reached. For basic aid districts, the loss of tax revenues is not reimbursed by the

State.

State funds for special (categorical) programs in fiscal year 2010-11 are budgeted at approximately \$109 million, including the State lottery fund portion. Lottery funds may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's total State lottery revenue is budgeted at \$6.3 million, or about 1.5% of general fund revenue in fiscal year 2010-11.

The District cannot make any predictions regarding how the current economic environment or changes

In its fiscal year 2010-11 budget, the District estimates that it will expend approximately \$332 million in salaries and benefits, or approximately 80% of its general fund expenditures. This amount represents an increase of 2.8% from the \$323 million the District expended in fiscal year 2009-10.

Labor Relations. Approximately 4,700 employees are represented by various labor organizations as shown in the table below. The remainder are not represented by any formal bargaining unit.

**Sacramento City Unified School District
Labor Organizations**

	Employees Represented	Contract Expiration
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Teamsters	78	June 30, 2011
Classified Supervisors Association	22	June 30, 2011
Total	4,688	

Source: The District.

future benefits, an amount known as the "normal cost", which is added to the AAL. The report estimated the normal

moneys in an OPEB trust with which to pay these accrued and accruing future liabilities, there is an *unfunded* actuarial accrued liability (UAAL). This district currently funds the costs of retiree benefits on a pay-as-you-go basis, but has set aside \$1.0 million to start prefunding an unfunded actuarial liability of \$551 million. In addition, SCTA has agreed to contribute to liability through payroll contributions.

The annual required contribution (ARC) is the amount required if the District were to fund each year's normal cost plus an annual amortization of the unfunded actuarial accrued liability, assuming the UAAL will be fully funded over a 30-year period. If the amount budgeted and funded in any year is less than the ARC, the

Sacramento City Unified School District
 General Fund
 Revenues, Expenditures and Fund Balances

2006-07 (1) 2007-08 (1) 2008-09 (1) 2009-10 (1) 2010-11 (2)

	2006-07 Actual(1)	2007-08 Actual(1)	2008-09 Actual(1)	2009-10 Actual(1)	2010-11 Budget(2)
<u>Revenue/Receipts</u>					
Revenue Limit Sources:					
State Aid	\$186,387,196	\$186,266,511	\$176,744,988	\$154,299,252	\$163,754,023
Property Taxes	65,871,643	61,870,624	63,408,608	60,544,496	57,208,424
Federal Revenue	46,638,028	47,833,768	61,239,195	57,663,445	78,419,786
Other State Revenue	98,284,330	105,751,979	93,574,884	113,183,976	108,536,052
Other Local Revenue	11,678,499	12,968,783	10,288,472	9,442,044	8,019,785
TOTAL	<u>\$408,859,696</u>	<u>\$414,691,665</u>	<u>\$405,256,147</u>	<u>\$395,133,213</u>	<u>\$415,938,070</u>
<u>Expenditures/Disbursements</u>					
Certificated Salaries	181,460,059	187,557,101	180,615,397	172,906,681	177,711,890

District Cash Flows

The District's general fund expenditures tend to be heaviest in the middle and end of the school year and lightest during the summer months. Receipts follow an uneven pattern, primarily because secured tax installment

payment dates are in December and April. The District exercises virtually no control over the amount or timing of its own revenues. The level of receipts depends on assessed value of taxable property and State income. See "State Funding of Education: State Budget Process" above. The timing of receipt of State funds is dictated by statute.

Exhibit I

**Sacramento City Unified School District
2010-11 Cash Flow
General Fund**

[To come from the District]

Exhibit II

Unified School District
2011-12 Cash Flow
Statement (Net
Operating Fund
and RAN Proceeds)

Statement of the District

[The District has completed a Facilities Master Plan to determine district-wide facilities needs and identify

Capital Lease

The District leases office equipment, computers and buses under long-term lease purchase agreements,

Debt - Capital Lease Purchase Agreements within the General Long Term Debt Account Group. As of

schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Sacramento County Superintendent of Schools (the "County Superintendent").

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Trustees and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an

meeting to be conducted no later than January 31 following the close of each fiscal year.

**CONSTITUTIONAL AND STATUTORY PROVISIONS
AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

Limitations on Revenues

Article XIII A of the California Constitution Article XIII A of the State Constitution adopted and known

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1

1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Appeals of Assessed Valuation. State law affords an appeal procedure to taxpayers who disagree with the assessed value of their taxable property. Taxpayers may request a reduction in assessment directly from the County

The following table shows *ad valorem* property tax rates for the last several years in a typical Tax Rate Area of the District (TRA 3-005). TRA-3-005 comprises approximately 25% of the total assessed value of taxable property in the District.

Sacramento City Unified School District
Summary of *Ad Valorem* Tax Rates
\$1 Per \$100 of Assessed Valuation
TRA 3-005

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11*</u>
General	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Los Rios Community College District	.0072	.0066	.0074	.0124	.0090
Sacramento Unified School District	.0850	.0890	.0938	.0911	.0979
Total	\$1.0922	\$1.0956	\$1.1012	\$1.1035	\$1.1069

Source: California Municipal Statistics, Inc.

* Total 2010-11 Assessed Valuation is \$7,114,238,585.

Assessed Valuation by Land Use. The following table gives a distribution of taxable property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**Sacramento City Unified School District
2010-11 Taxable Assessed Valuation and Parcels by Land Use ⁽¹⁾**

	2010-11 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	\$5,791,528,794	23.17%	3,545	3.49%
Government/Social/Institutional	188,385,360	0.75	320	0.31
Recreational	61,826,464	0.25	75	0.07
Vacant Industrial	44,456,061	0.18	291	0.29
Agricultural	10,585,974	0.04	20	0.02
Miscellaneous	2,052,947	0.01	179	0.18
Subtotal Non-Residential	\$7,684,468,273	30.74%	6,214	6.11%
Residential:				
Single Family Residence	\$13,193,615,903	52.78%	82,880	81.56%
5+ Residential Units/Apartments	1,702,338,873	6.81	1,436	1.41
2-4 Residential Units	1,383,114,132	5.53	6,398	6.30
Hotel/Motel	446,211,202	1.78	54	0.05
Condominium/Townhouse	252,885,386	1.01	1,777	1.75
Vacant Residential	169,722,916	0.68	1,239	1.22

Largest Taxpayers

The 20 largest taxpayers in the District, ranked by aggregate assessed value of taxable property, as shown on the 2010-11 secured tax roll, and the amount of each owner's assessed valuation for all taxing jurisdictions within the District, are shown below.

[REDACTED TABLE CONTENTS]

weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. In 2010-11, no single taxpayer owned more than 0.93% of the total taxable property in the District.

**Sacramento City Unified School District
Major Taxpayers 2010-11**

	Property Owner	Primary Land Use	2008-09 Assessed Valuation	% of Total ⁽¹⁾
1	Hines Sacramento Wells Fargo Center	Office Building	\$232,497,271	0.93%

Notice 94-84 1994-2 CB 550 states that the Internal Revenue Service is studying whether the amount of

the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income

local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Noteholders from realizing the full current benefit of the tax status

with regard to the Rule to file annual reports or notices of certain enumerated events.

Absence of Material Litigation

[No litigation is pending or to the knowledge of the District threatened concerning the validity of the Notes, the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Notes. No litigation is pending or to the knowledge of the District threatened questioning the political existence of the District or contesting the title to their offices of District or County officials who will sign the Notes and other certifications relating to the Notes, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to purchasers at the time of the original delivery of the Notes.

Additional Information

Quotations from and summaries and explanations of the Notes, the Resolution providing for issuance of the Notes, and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete

provisions thereof.

The preparation, execution and distribution of this Official Statement have been duly authorized and approved by the Board of Education of the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: _____
Chief Business Officer

APPENDIX A

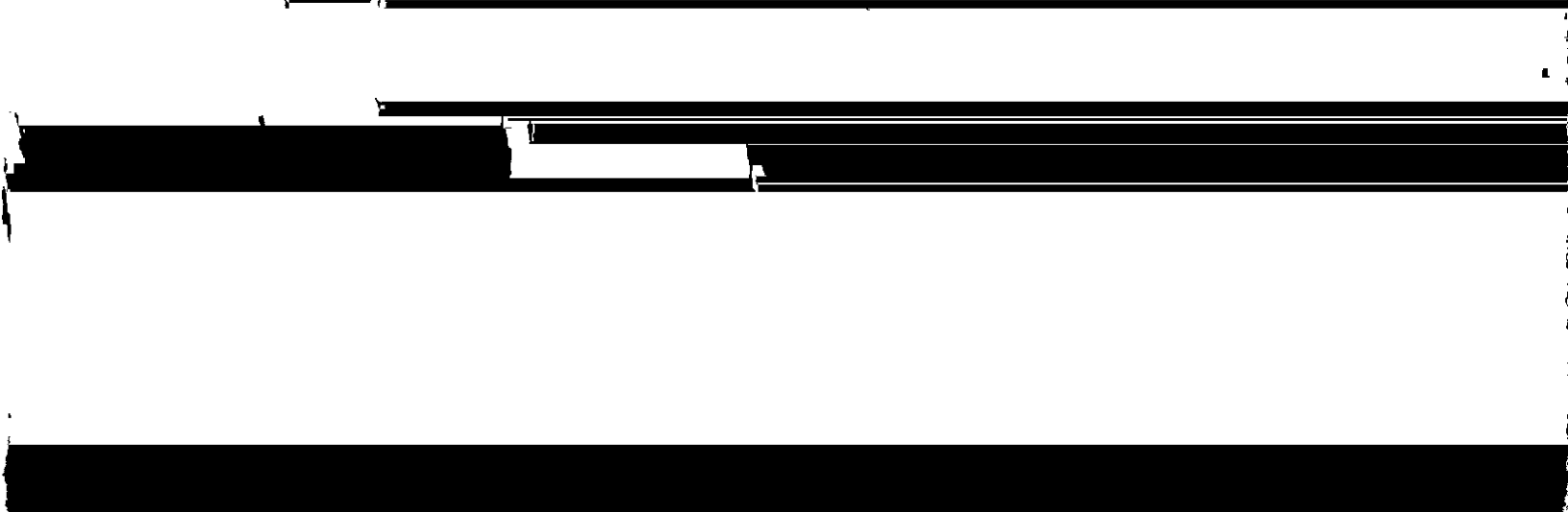
PROPOSED FORM OF OPINION OF BOND COUNSEL

[TO COME FROM BOND COUNSEL]

APPENDIX B

**FINANCIAL STATEMENTS OF THE DISTRICT FOR THE
FISCAL YEAR ENDED JUNE 30, 2010**

TO COME FROM DISTRICT AND TO BE INSERTED AT THE TIME OF PRINTING



APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

[TO COME FROM BOND COUNSEL]

APPENDIX E

11

The information in this appendix has been provided by DTC for use in securities offering documents, and

the Depository Trust Company, 50 Hudson Street, New York, NY 10014, is not responsible for the accuracy or completeness of the information.

[Redacted]

Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Indirect Participants and Indirect Participants to Beneficial Owners will be