PRELIMINARY OFFICIAL STATEMENT DATED APRIL 6, 2011

NEW ISSUE
BOOK-ENTRY ONLY

RATING
See "Rating" herein
S&P Rating: "SP1+"

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Bond Counsel, based on an analysis of existing statutes, regulations, rulings, and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "LEGAL MATTERS – Tax Matters" herein.

$39,000,000*

SAN JUAN UNIFIED SCHOOL DISTRICT
SACRAMENTO COUNTY, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES

Dated: Date of Delivery **Due: October 31, 2011**

The San Juan Unified School District, Sacramento County, California, 2010-2011 Tax and Revenue Anticipation Notes (the "Notes") are being issued by the Board of Supervisors of Sacramento County in the name of the District. The Notes are being issued to finance seasonal cash flow requirements of the San Juan Unified School District (the "District") during the Fiscal Year ending June 30, 2011 (the "Fiscal Year"). The Notes will be initially issued in book-entry form only through the book-entry system of The Depository Trust Company, New York, New York ("DTC"). See "THE NOTES—DTC Book-Entry Only" herein.

The Notes, in accordance with California law, represent the general obligation of the District, but are payable solely from taxes, income, revenue, cash receipts, and other moneys received by or accruing to the general fund of the District during the Fiscal Year and legally available for the payment of the Notes. The Notes are equally and ratably secured by a pledge of an amount equal to the aggregate principal amount of the Notes, together with an amount sufficient to pay the interest thereon, from the Unrestricted Revenues (defined herein) to be received by the District in the months described herein (the "Pledged Revenues"). The Notes, to the extent not paid from Pledged Revenues, are payable only from any other taxes, income, revenues, cash receipts and moneys of the District lawfully available therefor.

The Notes will be dated their date of delivery, and will mature on October 31, 2011. The rate of interest and the offering price for the Notes are set forth below. Principal of and interest on the Notes will be paid at maturity by wire transfer to DTC, which in turn is required to remit such principal and interest to the DTC Participants for subsequent disbursement to the owners of the Notes. The Notes are not subject to redemption prior to maturity.

Maturity Schedule

Amount	Maturity	Coupon Interest Rate	Reoffering Yield	CUSIP No. †
$_____________*	October 31, 2011	_______%	_____%	798306 ___

The Notes are being purchased for re-offering by ____________, as Underwriter. The Notes are offered when, as and if issued by the County on behalf of the District and received by the Underwriter, subject to approval as to their legality by Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel. It is anticipated that the Notes, in definitive form, will be available for delivery through the facilities of DTC in New York, New York on or about May 3, 2011.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF ALL FACTORS RELEVANT TO AN INVESTMENT IN THE NOTES. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

This Official Statement is dated _________, 2011.

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* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter, the County, Bond Counsel nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED HEREIN, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL NOR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE NOTES BY A PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE AN OFFER, SOLICITATION OR SALE.

THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE NOTES. STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT WHICH INVOLVE ESTIMATES, PROJECTIONS, FORECASTS OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACT. THE SUMMARIES AND REFERENCES TO DOCUMENTS, STATUTES, AND CONSTITUTIONAL PROVISIONS REFERRED TO HEREIN DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENTS, STATUTES, AND CONSTITUTIONAL PROVISIONS.

THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM EITHER THE BOOKS AND RECORDS OF THE DISTRICT OR FROM SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE INFORMATION AND EXPRESSION OF OPINIONS HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE DISTRICT SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE NOTES REFERRED TO HEREIN AND MAY NOT BE REPRODUCED OR USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON THE EXEMPTION CONTAINED IN SECTION 3(a)(2) OF SUCH ACT, AND HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT.

Sacramento County, California

Board of Supervisors

Phil Serna – District 1
Jimmie Yee – District 2
Susan Peters – District 3
Roberta MacGlashan – District 4, Chair
Don Nottoli – District 5, Vice Chair

County Officials

Julie Valverde *Director of Finance*	Robert A. Ryan, Jr., Esq. *County Counsel*

San Juan Unified School District

Board of Education

Lucinda Luttgen
President

Larry Miles *Vice-President*	Greg Paulo *Member*
Larry Masuoka *Clerk*	Richard Launey *Member*

District Administration

Dr. Pat Jaurequi
Superintendent

Michael Dencavage
Chief Financial Officer

Financial Advisor

Capitol Public Finance Group, LLC
Sacramento, California

Bond Counsel and Disclosure Counsel

Kronick, Moskovitz, Tiedemann & Girard
A Professional Corporation
Sacramento, California

Paying Agent

Sacramento County Director of Finance
Sacramento, California

$39,000,000*
SAN JUAN UNIFIED SCHOOL DISTRICT
SACRAMENTO COUNTY, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES

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* Preliminary; subject to change.

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OFFICIAL STATEMENT

$39,000,000*
SAN JUAN UNIFIED SCHOOL DISTRICT
SACRAMENTO COUNTY, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and attached appendices, is to provide certain information concerning the sale and delivery of the San Juan Unified School District, Sacramento County, California, 2010-2011 Tax and Revenue Anticipation Notes (the "Notes") issued in the aggregate principal amount of $39,000,000.*

This "INTRODUCTORY STATEMENT" is not a summary of this Official Statement. It is only a brief description of and guide to this Official Statement and is qualified by more complete and detailed information contained in the entire Official Statement, which includes the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Notes to potential investors is made only by means of this entire Official Statement.

General

This Official Statement has been prepared under the direction of the San Juan Unified School District (the "District") in order to furnish information with respect to the sale and delivery of the Notes. At the request of the District, the Notes have been authorized pursuant to a resolution (the "Resolution") of the County Board of Supervisors (the "County Board") of Sacramento County (the "County") adopted on March 22, 2011, on behalf of the District.

The Notes will be issued in full conformity with the Constitution and laws of the State of California (the "State"), including Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the State Government Code (the "Law"), and under such statute the Notes represent the general obligation of the District, but are payable solely from taxes, income, revenue, cash receipts and other moneys of the District attributable to the fiscal year commencing on July 1, 2010, and ending on June 30, 2011, and legally available.

The proceeds of the Notes will be used for current expenditures of the District's general fund (the "General Fund"), including but not limited to current expenses, capital expenditures and the discharge of other obligations or indebtedness of the District. The Notes are not subject to redemption prior to their stated maturity date.

* Preliminary; subject to change

Professionals Involved

Capitol Public Finance Group, LLC, Sacramento, California has acted as financial advisor with respect to the sale and delivery of the Notes. See "FINANCIAL ADVISOR" herein. All proceedings in connection with the issuance of the Notes are subject to the approving legal opinion of Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Bond Counsel. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, is also serving as Disclosure Counsel.

Other Information

This Official Statement may be considered current only as of the date affixed to the cover page hereto, and the information contained herein is subject to change. Brief descriptions of the Notes, the security for the Notes and the District are included in this Official Statement together with summaries of certain provisions of the Resolution. Such descriptions do not purport to be comprehensive or definitive. All references made herein to the authorizing Resolution are qualified in their entirety by reference to such document, and references herein to the Notes are qualified in their entirety by reference to the form thereof delivered to the purchaser.

Information concerning this Official Statement, the Notes, the District or any other information relating to the sale and delivery of the Notes, including the Resolution and audited financial statements of the District, are available for public inspection and may be obtained by contacting the District at 3738 Walnut Avenue, Carmichael, CA 95608, telephone: (916) 971-7700, or by contacting the District's financial advisor, Capitol Public Finance Group, LLC, Sacramento, California, telephone (916) 641-2734.

THE NOTES

Authority for Issuance

The Notes are issued under the authority of the Law and pursuant to the Resolution.

Purpose of Issue

Issuance of the Notes will provide moneys to meet the District's fiscal year 2010-11 General Fund expenditures, including but not limited to current expenses, capital expenditures and the discharge of other obligations or indebtedness of the District.

Borrowing is necessary during fiscal year 2010-11 because General Fund expenditures are expected to occur in relatively level amounts throughout the fiscal year while receipts are expected to follow an uneven pattern, primarily as a result of an uneven pattern of State and Federal apportionments and secured property tax installment payments. Receipts from these three sources account for a significant portion of the District's total annual revenues. As a result, the General Fund cash balance is projected to be sufficiently diminished during a portion of fiscal year 2010-11 to require the issuance of the Notes. The Notes are intended to minimize the likelihood of a cash deficit position occurring within the General Fund during fiscal year 2010-11.

Description of the Notes

The Notes are being issued as fully registered Notes, without coupons, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form only and only in authorized denominations of $5,000 principal amount or any integral multiple thereof. So long as Cede & Co. is the registered owner of the Notes, principal, premium, if any, and interest on the Notes will be payable to Cede & Co., as nominee for DTC, which is obligated to remit such amounts to the Direct or Indirect Participants, as hereinafter defined, for subsequent disbursement to the actual purchaser of each Note (the "Beneficial Owner") of the Notes. See "THE NOTES—DTC Book-Entry Only" herein.

The Notes will be dated May 3, 2011, and will mature on October 31, 2011. Principal of and the final interest payment on the Notes will be paid, at maturity, at the rate of interest stated on the cover page hereof. Interest on the Notes is computed on the basis of a 360-day year consisting of twelve 30-day months. The Notes will not be subject to redemption prior to their stated maturity date.

DTC Book-Entry Only

The following information concerning DTC and DTC's book-entry-only system has been obtained from DTC. The District takes no responsibility for the accuracy or completeness thereof. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

The following description includes the procedures and record-keeping with respect to beneficial ownership interest in each Note, payment of principal and interest, other payments with respect to each Note to Direct Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Notes with other related transactions by and between DTC, the Participants, and the Beneficial Owners. However, DTC, the Participants, and the Beneficial Owners should not rely on the following with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be.

DTC will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, the District, or the County subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of

DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Security for the Notes and Available Sources of Repayment

The Notes and the interest thereon are a general obligation of the District, but are payable solely from taxes, income, revenues, cash receipts and other moneys received by the District during or attributable to fiscal year 2010-11 and legally available for the payment of current expenses and other obligations of the District (the "Unrestricted Revenues"). Certain Unrestricted Revenues to be received by the District have been specifically pledged, as hereinafter described, to the total repayment of the Notes and the interest thereon.

As security for the timely payment of the Notes and the interest thereon, the District has pledged to transfer to the County for repayment of the Notes, (i) an amount equal to 50% of the aggregate principal amount of the Notes from the Unrestricted Revenues to be received by the District in or attributable to the month ending August 2011, and (ii) an amount equal to 50% of the aggregate principal amount of the Notes from the Unrestricted Revenues to be received by the District in or attributable to the month ending September 2011, plus an amount sufficient to pay at maturity interest on the Notes. The amounts pledged by the District for transfer to and deposit by the Sacramento County Director of Finance (the "Director of Finance") into the San Juan Unified School District 2010-2011 Tax and Revenue Anticipation Notes Repayment Fund (the "Repayment Fund") from the Unrestricted Revenues received during such month or months are hereinafter called the pledged revenues (the "Pledged Revenues"). The principal of the Notes and the interest thereon will constitute a first lien and charge against, and will be payable from, the first moneys received by the District from the Pledged Revenues.

The District has also pledged the unexpended proceeds of the Notes in the event there are insufficient Pledged Revenues in the Repayment Fund.

In the event that there have been insufficient Unrestricted Revenues received by the District by the end of such month to permit the deposit into the Repayment Fund of the full amount of the Pledged Revenues required to be deposited with respect to such month, then the amount of any deficiency in the Repayment Fund will be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of the Notes and the interest thereon (all as provided in Sections 53856 and 53857 of the Government Code) (the "Other Pledged Moneys"), on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Pledged Moneys are received by the District.

The Resolution requires the County, on the behalf of the District, to transfer the Pledged Revenues during the months such moneys are received to the Repayment Fund. Moneys are to be therein held until the Notes and all the interest thereon is paid or until provision has been made for the payment of the Notes at maturity with interest to maturity. Amounts deposited by the County, on the behalf of the District, into the Repayment Fund may not be used for any other purpose, although they may be invested in legal investments, as permitted by Section 53601 of the State Government Code, subject to the limitations contained in the Resolution.

On the maturity date of the Notes, the Director of Finance will apply moneys in the Repayment Fund to pay the principal of and the interest on the Notes. Until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Fund will be applied only for the purpose for which the Repayment Fund has been created.

The table below provides details as to the projected sources and amounts of Unrestricted Revenues for fiscal year 2010-11 available for Note repayment.

San Juan Unified School District
2010-11 Projected Unrestricted Revenues

Revenue Limit Sources	$195,503,359
Other State Revenue	42,678,200
Other Local Revenue	3,376,109
Prior Year Receipts	36,032,368
Note Proceeds*	.00*
Total Unrestricted Revenues	$277,590,036

Source: San Juan Unified School District.

The District maintains certain segregated and special purpose funds outside of the General Fund. These other District funds are not pledged to the payment of the Notes and are generally restricted in purpose. However, these other District funds could be accessed by the General Fund on a temporary basis through District Board of Education (the "District Board") action, if needed and to the extent monies are available therein. Any transfer between funds generally is repaid to the account of origination prior to the close of the fiscal year.

The District is projecting cash balances in other District funds, in aggregate, as set forth below.

San Juan Unified School District
Other District Funds

Fund	Estimated Balance as of June 30, 2010	Projected Balance as of June 30, 2011
Deferred Maintenance	$ 820,109	$ 311,308
Building Funds	15,172,351	21,350,309
Capital Facilities Funds	1,778,070	2,009,560
Self Insurance Fund	16,782,875	11,910,326
	$ 34,553,405	$ 35,581,503

Source: San Juan Unified School District.

* Preliminary; subject to change.

Bankruptcy Risks

The opinion of Bond Counsel attached hereto as Appendix C is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditors' rights. Bankruptcy of the County or the District could affect the security of the owners of Notes of the District, the ability of an owner to be paid in a timely manner, or both.

In connection with the bankruptcy petition of Orange County, California in 1994, the U. S. Bankruptcy Court originally held that the lien securing temporary notes issued by Orange County under the same statutory authority as the Notes did not attach to revenues received by Orange County after the filing of its bankruptcy petition, and therefore that the county was not required following bankruptcy to continue to set aside the revenues it had pledged under the resolution providing for the issuance of its notes. The U.S. District Court reversed the bankruptcy court and that decision was appealed. While awaiting a decision on appeal from the U. S. Court of Appeals for the Ninth Circuit, the parties settled their disputes. Accordingly, it is unclear whether the District could be required following filing of a bankruptcy petition to set aside funds as required by the Resolution.

Because the Director of Finance, acting as Paying Agent, is in possession of the taxes and other revenues that the District has agreed to set aside to pay the Notes, and may deposit and invest these funds in the County's pooled investment fund (the "County Pool"), should the County go into bankruptcy, a court might hold that the owners of the Notes do not have a valid lien on the funds set aside for payment thereof. In that case, unless the owners could "trace" the funds, the owners may be merely unsecured creditors of the bankrupt County. There can be no assurance that the owners could successfully so "trace" the pledged taxes and other revenues.

If the County were to file for bankruptcy, the District may be unable to order payment of the Notes from moneys held by the County in the fund set aside for such payment. If the District were to file for bankruptcy, the Director of Finance may be enjoined from applying set aside funds to payment of the Notes, or from setting aside any further moneys of the District for such payment.

Investment of Operating Funds, Note Proceeds, and Repayment Funds

State law establishes that the treasurer of each county is *ex officio* treasurer of all educational agencies within its jurisdiction. Although separately accounted for, substantially all District funds are held and invested on a pooled basis with other funds held by the Director of Finance in the County Pool. The County Pool participants primarily include school districts, special districts, and the County (for both its enterprise funds and general County operating funds).

Upon delivery of the Notes, the Director of Finance will deposit the Note proceeds in the San Juan Unified School District 2010-2011 Tax and Revenue Anticipation Notes Proceeds Fund (the "Proceeds Fund"). Subject to any additional restrictions imposed by the investment policy of the County, the Director of Finance may invest moneys in the Proceeds Fund (i) in any investments permitted by the Government Code, notwithstanding any limitations contained therein as to the maximum proportion of such funds that may be invested in any particular investment and meeting Standard & Poor's criteria for investments, or any equivalent criteria of any rating agency then rating the Notes; (ii) in investment agreements, including guaranteed investment contracts, whose issuer or guarantor of issue is rated "AA" by Standard & Poor's, or an equivalent rating of any rating agency then rating the Notes; (iii) in the Local Agency Investment Fund within the treasury of the State; and (iv) in the County treasury pool.

Sources and Uses of Funds

The sources and uses of funds in connection with the sale and delivery of the Notes are projected as set forth in the exhibit below.

San Juan Unified School District
2010-2011 Tax and Revenue Anticipation Notes
Sources and Uses of Funds

SOURCES OF FUNDS	
Par Amount of Notes*	$
Original Issue Premium	
TOTAL SOURCES OF FUNDS	
USES OF FUNDS	
Proceeds Fund	
Underwriter's Discount	
TOTAL USES OF FUNDS	

* Preliminary; subject to change.

SACRAMENTO COUNTY INVESTMENT POOL

State law requires that all monies of the County, school districts, and certain special districts located within the County be held by the Director of Finance, as Treasurer of the County. Pursuant to the County Charter and subject to annual review and renewal by the Board of Supervisors, the Director of Finance is authorized to invest and reinvest the funds. The County's general fund, among other funds, is invested in the Sacramento County Pooled Investment Fund (the "County Pool"), which is managed by the Director of Finance. The County Pool is governed by the Sacramento County Annual Investment Policy for the Pooled Investment Fund (the "Investment Policy") as authorized by the Sections 53601 et seq. and 53635 et seq. of the Government Code of California (the "California Government Code") which the Director of Finance annually recommends to the Board of Supervisors. The Board of Supervisors reviews and approves the Investment Policy at a public meeting. This Investment Policy defines investible funds, authorized instruments, credit quality required, maximum maturities and concentrations, collateral requirements, and provides the approved credit standards, investment objectives and specific constraints of the portfolios managed. The Investment Policy also authorizes the establishment and periodic review of investment guidelines, which provide specific guidance to the portfolio managers. These investment guidelines are fully consistent with and subordinate to the Investment Policy.

Authorized investments are required to match the general categories established by Sections 53601 *et seq.*, 53635 *et seq.*, and 16429.1 *et seq.* of the California Government Code, including the specific categories of financial futures and financial options contracts established by California Government Code Section 53601.1.

As of December 31, 2010, the County Pool was invested in a diversified portfolio of high-quality securities, including but not limited to U.S. Treasury notes and bills, U.S. agency securities, commercial paper, negotiable certificates of deposit, money market funds, and time deposits. Additionally, up to $50 million of the assets of the County Pool may be invested in the Local Agency Investment Fund (LAIF), the California State investment pool. LAIF is a diversified investment pool, with an average maturity of approximately 215 days, offering participants daily liquidity. Approximately 3.06% of pool assets are invested in the County's Teeter Plan note program, which has a final maturity of five years. There are five Teeter Plan loan agreements totaling $85.3 million, with the last note maturing on August 1, 2015. In addition, the County Pool has entered into two Interfund Loan Agreements with the County. The balance of the Interfund Loan agreement for the River Delta Fire District is $375,000 with a maturity of June 27, 2013, and the balance of the Interfund Loan Agreement for the Sacramento Housing and Redevelopment Agency is $1,900,000 maturing on June 30, 2011.

The Investment Policy currently provides the following: (1) the maximum maturity of any investment will be five years and the dollar weighted average maturity of all securities will be equal to or less than three years; (2) no more than 80% of the portfolio may be invested in issues other than U.S. Treasuries and Government Agencies, and no more than 10% of the portfolio, except U.S. Treasuries and Government Agencies, may be invested in the securities of a single issuer including its related entities; (3) repurchase agreements are authorized in a maximum maturity not exceeding one year; (4) reverse repurchase agreements are authorized in connection with securities owned and fully paid for by the local agency for a minimum of 30 days prior to sale and in a maximum maturity of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement; and (5) repurchase agreements must be collateralized with either (a) U.S. Treasuries and Government Agencies with a market value of 102% for collateral maturing between one day to five years, marked to market daily or (b) money market instruments which are on the approved list for the County and which meet the qualifications of the Investment Policy, with a market value of 102%. Use of mortgage-backed securities for collateral is not permitted. For the purpose of investing the daily excess bank balance, the collateral provided by the County's depository bank must be worth between 110% and 150% of the value of the deposits, depending on the security type (U.S. Treasuries, Government Agencies, Municipal Bonds or Mortgage-Backed Securities, etc.).

Investments within the County Pool are reviewed monthly by an internal Investment Review Group, which consists of the Director of Finance and her designees. The Investment Review Group reviews the investments to ensure compliance with California Government Code and the Investment Policy. Additionally, a separate internal Investment Group, consisting of the Director of Finance and her designees, reviews the strategies and investment guidelines in relation to the changing financial markets and maintains certain approved lists under the Investment Policy. In both the cases of the Investment Review Group and the Investment Group, the role of the designees is advisory except where specifically authorized by the Director of Finance. Each quarter, a ten-member Treasury Oversight Committee monitors the investment activities by reviewing the portfolio reports. These reports validate the compliance of all investment activities to the established investment parameters and monitoring guidelines.

The Investment Policy may be changed at any time at the discretion of the Board of Supervisors (subject to the State law provisions relating to authorized investments) and as the California Government Code is amended. There can be no assurance, therefore, that State law and/or the Investment Policy will not be amended in the future to allow for investments which are currently not permitted under such State law or the Investment Policy, or that the objectives of the County with respect to investments will not change.

The following table reflects certain limited information with respect to the County Pool for the quarter ending on December 31, 2010. As described above, a wide range of investments is authorized under State law. The value of the various investments in the County Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the County Pool will not vary significantly from the values described below. In addition, the values specified in the following tables were based upon estimates of market values provided to the County by a third party. Accordingly, there can be no assurance that if these securities had been sold on the date indicated, the County Pool necessarily would have received the values specified.

Sacramento County Investment Pool
Quarter ending on December 31, 2010

Average Daily Balance	$2,253,453,676.00
Period-End Balance	$2,789,681,261.00
Yield	0.686%
Weighted Average Maturity	190 Days
Duration in Years	0.524 Years
Historical Cost	$2,782,104,684.00
Market Value	$2,789,489,034.00
Percent of Market to Cost	100.27%

Source: Sacramento County Department of Finance.

THE DISTRICT

General Information

The District was established in 1960 and is located in the northeast portion of Sacramento County. The District covers approximately 75 square miles and serves portions of the cities of Carmichael, Citrus Heights, Fair Oaks, Folsom, Rancho Cordova, Gold River and Orangevale. The District currently operates 70 schools, including 9 comprehensive high schools, 9 middle schools, 35 elementary schools, 7 K-8 schools, a preschool center, 3 alternative education programs, 3 special education centers, and 3 adult education centers. The District provides kindergarten through 12^{th} grade education to approximately 40,000 students.

Charter schools operate as autonomous public schools, under charter from a school district, county office of education, or the State Board of Education, with minimal supervision by the local school district. Charter schools receive revenues from the State and from the District for each student enrolled, and thus effectively reduce revenues available for students enrolled in District schools. The District is required to accommodate charter school students originating in the District in facilities comparable to those provided to regular District students.

For Fiscal Year 2010-11, six charter schools operate within the District. The District operates Choices Charter School and Visions in Education Charter School, and their operations are reflected in the Charter Schools Fund of the District. Three other charter schools, Options for Youth Charter School, California Montessori Project, and Golden Valley Charter School of Sacramento, operate as independent charter schools under charters granted by the Board of Education. A sixth school, Aspire Alexander Twilight College Preparatory Academy, operates within the District under a statewide charter granted by the State Board of Education. Combined total 2010-11 enrollment of the charter schools approved by the District is projected at 3,961 students.

As of June 1, 2010, the District employed approximately 4,795 full-time equivalent ("FTE") employees of which 2,781 are certificated (credentialed teaching) employees and 2,014 are classified (noninstructional) employees. Included in this total are 188 certificated and classified management personnel. The District has budgeted general fund expenditures of approximately $357,439,403 in Fiscal Year 2010-11. The District operates under the jurisdiction of the County of Sacramento Superintendent of Schools.

The District Board and Key Administrative Personnel

The District is governed by a five-member Board of Education. The members are elected to four-year terms in staggered years. The management and policies of the District are administered by the Superintendent, who is appointed by the Board and responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Pat Jaurequi was selected as Superintendent in September 2008. Dr. Jaurequi has over 30 years of experience in education, including, most recently, 4 years of service as Superintendent of the New Haven School District, encompassing Union City, California and parts of Hayward and Alameda Counties.

The current members of the District Board are set forth below.

San Juan Unified School District
District Board of Education

Name	Title	Term Expires
Lucinda Luttgen	President	December 2012
Larry Miles	Vice President	December 2012
Larry Masuoka	Clerk	December 2014
Greg Paulo	Member	December 2014
Richard Launey	Member	December 2012

Average Daily Attendance

Student enrollment of a public school district in the State determines to a large extent what the school district will receive in terms of funding for program, facilities and staff needs. Average daily attendance ("ADA") is a measurement of the number of pupils attending classes within the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. See "STATE FUNDING OF PUBLIC EDUCATION" herein. Set forth in the exhibit below is the ADA for the District for previous fiscal years, excluding charter schools ADA.

San Juan Unified School District
Average Daily Attendance

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
P-2 ADA	42,085	41,045	40,355	40,084	39,315	39,116

Note: ADA for fiscal years 2010-11 is estimated.
Source: San Juan Unified School District.

Pupil-Teacher Ratios

The following table shows the pupil-to-teacher ratios for District schools for fiscal year 2010-11.

San Juan Unified School District
Pupil-To-Teacher Ratios

LEVEL	RATIO
Elementary K-3	22.4
Elementary 4-6	33.5
Middle	27.5
High School	28.5

Source: San Juan Unified School District

Labor Relations

State law provides that employees of public school districts of the State are to be divided into appropriate bargaining units that then are to be represented by an exclusive bargaining agent.

As of January 1, 2011, 4,131 full-time employees were represented by labor organizations, as shown in the table below. The remainder are not represented by any formal bargaining unit.

Set forth in the following table are the District's labor organizations, number of full-time equivalent ("FTE") employees budgeted for fiscal year 2010-11, and contract status.

San Juan Unified School District
Labor Organizations, Number of Employees, and Contract Status

Labor Organization	Number of FTE Employees	Contract Expiration Date
San Juan Professional Educators	154	June 30, 2012
San Juan Teachers Association	2,279	June 30, 2011
California School Employee Association	1,486	November 15, 2011
Teamsters	165	June 30, 2010[1]
Classified Supervisors	47	June 30, 2013

[1] The existing terms and conditions of the expired contract continue until a successor contract is ratified by the members of the labor organization and agreed upon by the District Board. Negotiations between the labor organizations and management have commenced.
Source: San Juan Unified School District.

Pension Plans

Retirement Programs. The District participates in the State Teachers' Retirement System ("STRS") for all full-time and some part-time certificated employees. Each school district is required by statute to contribute 8.25% of eligible employees' salaries to STRS on a monthly basis. Employees are required to contribute 8.0% of eligible salary. The State is required to contribute as well. The District's employer contribution to STRS was $15,934,585 for Fiscal Year 2009-10 and is budgeted at $16,027,162 (includes total STRS contributions including those paid from sources outside of the general fund) for Fiscal Year 2010-11.

The District also participates in the California Public Employees' Retirement System ("CalPERS") for all full-time and some part-time classified employees. The District was required to contribute toward CalPERS, at a State-determined percentage of PERS-eligible salaries. For Fiscal Year 2008-09, the contribution percentage was 9.428% with actuals of $6,929,903. For Fiscal Year 2009-10, the contribution percentage was 9.709% with actuals of $6,943,238. For Fiscal Year 2010-11, the contribution percentage is 10.707% with projected expenses of $7,348,439.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. STRS and CalPERS liabilities are more fully described in "APPENDIX A – Basic Financial Statements of the District as and for the Year Ending June 30, 2010."

Post-Employment Benefits. In addition to the pension benefits described above, the District provides post-retirement healthcare benefits to all certificated, management and supervisory employees who retire from the District on or after attaining age 55, and are eligible to retire with STRS and PERS. Health care benefits are also provided for general and transportation employees who have, in addition to meeting the requirements noted above for other employees, been employed with the District for ten years. Health care benefits are provided to these employees until they have attained the age of 65. Currently 678 retirees are receiving these benefits. The District pays the insurance premiums for employee-only coverage based upon the plan enrollment at the time of retirement. Expenditures for post-retirement health care benefits are recognized as the premiums are paid. During the year ended June 30, 2010, expenditures of $6,150,425 were recognized for post-retirement health care benefits. On March 1, 2009, an actuarial study was performed by Bickmore Risk Services & Consulting to comply with GASB Statement No. 45 regarding reporting of post-employment health benefit liabilities. Bickmore Risk Services & Consulting estimated annual pay-as-you-go costs to be $7,554,920, and increasing at 3.25% per year. The total actuarial accrued liability was estimated to be $74,785,897, and the annual cost to fund the unfunded portion was estimated to be an additional $1,030,767 million on top of the current pay-as-you-go cost.

DISTRICT FINANCIAL INFORMATION

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with the definitions, instructions and procedures of the California School Accounting Manual, as required by the State Education Code. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Perry-Smith LLP, of Sacramento, California, will serve as independent auditor to the District and its report for Fiscal Year 2009-10 is attached hereto as Appendix A. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to file its annual audit with the County Superintendent and State officials by the December 15 following the close of each fiscal year, and to review the report and any recommended changes following a public meeting to be conducted no later than the following January 31.

Budget and Financial Reporting Process

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Sacramento 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 Education 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 adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations, or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 ("A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that *will meet* its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that is deemed *unable to meet* its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that *may not meet* its financial obligations for the current fiscal year or two subsequent fiscal years. A school district that receives a qualified or negative certification may not issue tax and revenue anticipation notes or certificates of participation without approval by the County Superintendent. The District self-certified as "qualified" to address fiscal concerns in Fiscal Years 2004-05, 2005-06, 2007-08, 2008-09, and 2009-10. The District also self-certified as "qualified" in the first and second interim periods of Fiscal Year 2010-11 due to the uncertainty of the State Budget crisis.

Temporary Inter-Fund Borrowing

The State of California Education Code authorizes school districts to temporarily transfer cash from a specific purpose fund to any other district fund by district board action, provided that the transferred cash is repaid to the original fund within the same fiscal year, or, if transferred within the final 120 days of the fiscal year, by the following fiscal year. However, depending upon circumstances, other State or federal law, grant or contractual restrictions may further restrict or prevent such temporary cash transfers.

Financial Statements

Figures presented in summarized form herein have been gathered from the District's financial statements. The audited financial statements of the District for the fiscal year ending June 30, 2010, have been included in this Official Statement. See "APPENDIX A – Basic Financial Statements of the District as and for the Year Ending June 30, 2010" herein. Audited financial statements for all prior fiscal years are on file with the District and available for public inspection during normal business hours. Audit reports are also available at www.sanjuan.edu. Copies of financial statements relating to any year are available to prospective investors and or their representatives upon request by contacting the District at 3738 Walnut Avenue, Carmichael, CA

95608, telephone: (916) 971-7700, or by contacting the District's financial advisor, Capitol Public Finance Group, LLC, Sacramento, California, telephone (916) 641-2734.

The following table sets forth certain General Fund information for the District.

San Juan Unified School District
General Fund Activity

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 Audited	2010-11 Second Interim
REVENUE / RECEIPT					
Revenue Limit Sources:					
State Aid	$168,769,873	$158,319,357	$145,346,037	$120,908,141	$131,272,015
Property Taxes	80,802,584	81,097,670	83,425,161	78,284,418	75,837,456
Federal Revenue	27,574,377	25,470,394	43,206,239	36,587,357	40,205,716
Other State Revenues	94,209,294	88,477,296	75,684,530	89,815,498	84,259,109
Other Local Revenue	15,283,262	14,504,222	12,214,007	10,190,212	9,840,115
TOTAL REVENUES	$386,639,390	$367,868,939	$359,875,974	$335,785,626	$341,414,411
EXPENDITURES / DISBURSEMENTS					
Certificated Salaries	$169,926,138	$175,464,142	$175,963,517	$173,613,465	$171,279,381
Classified Salaries	57,349,476	59,662,555	61,947,319	60,759,379	58,198,476
Employee Benefits	70,282,919	72,295,977	72,106,687	68,133,519	69,914,709
Books and Supplies	18,480,331	19,146,772	18,702,693	15,747,023	22,233,696
Services, Other Operating Expenditures	32,879,094	33,174,978	31,956,880	31,223,972	34,630,035
Capital Outlay	794,883	1,182,525	734,463	86,898	876,595
Other Outgo	7,851,293	106,420	140,392	1,012,959	1,125,397
Transfer of Indirect/Direct Support Costs	--	--			(950,789)
Debt Service					
Principal Retirement	132,563	44,600	289,861	161,662	$124,258
Interest	12,361	9,617	16,547	12,280	7,645
TOTAL EXPENDITURES	$357,709,058	$361,087,586	$361,858,359	$350,751,157	$357,439,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,930,332	6,781,353	(1,982,385)	(14,965,531)	($16,024,992)
OTHER FINANCING SOURCES (USES)					
Transfers In / Other Sources	$2,409,344	$2,053,341	$1,084,595	$1,025,678	$1,564,177
Transfers Out / Other Uses	(48,038)	(40,303)	(2,135,904)	(6,905,565)	(842,039)
Proceeds from Long-Term Obligations	102,227	1,009,312			
TOTAL	$ 2,463,533	$ 3,022,350	($1,051,309)	($5,879,887)	$ 722,138
Fund Balance, Beginning of Year	$40,700,305	$72,094,170	$81,897,873	$78,864,179	$58,018,761
Fund Balance, End of Year	$72,094,170	$81,897,873	$78,864,179	$58,018,761	$42,715,907

Source: San Juan Unified School District.

Revenues

The District categorizes its General Fund revenues into four primary sources: revenue limit sources, federal revenues, other state revenues and other local revenues.

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, the state revenue limit for a school district is calculated by multiplying a "base revenue limit" per student by the school district's student enrollment measured in units of ADA. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. The District's funded base revenue limit per unit of ADA was $4,967 in fiscal year 2009-10, and is estimated to be $5,225 in fiscal year 2010-11.

Revenue limit sources account for approximately 59% of total General Fund revenues in fiscal year 2009-10, and are estimated to be approximately 60.8% of General Fund revenues in fiscal year 2010-11. Funding of the District's revenue limit is accomplished by a mix of (a) local taxes (composed predominantly of property taxes, and including miscellaneous taxes and community redevelopment funds, if any), and (b) State apportionments of basic and equalization aid. The District estimates receiving $75,837,456 from local taxes and $131,272,015 in State Aid in fiscal year 2010-11 for its revenue limit funding (includes transfers).

District staff is currently analyzing the passage of the State Budget which will impact the final apportionment for revenue limit funding.

Federal Revenues. The federal government provides funding for several District programs. These federal revenues, most of which are restricted, were 10.9% of General Fund revenues in fiscal year 2009-10, and are estimated to be approximately 11.8% of General Fund revenues in fiscal year 2010-11.

Other State Revenues. In addition to apportionment revenues, the State provides funding for several District programs. These other State revenues, most of which are restricted, were 26.7% of General Fund revenues in fiscal year 2009-10, and are estimated to be approximately 24.7% of General Fund revenues in fiscal year 2010-11. Included in other State Sources are proceeds received from the State from the California State Lottery.

A large proportion of these other State revenues are restricted to particular uses (categorical programs) mandated by the Legislature, such as special education, home-to-school transportation, after-school safety and education programs, and Economic Impact Aid. As part of the February 2009 budget package, the Legislature allowed school districts to use the funding associated with about forty categorical programs for any education purpose. This flexibility is currently authorized only through 2012-13.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues. Revenues from other Local Sources comprised 3% of General Fund revenues in fiscal year 2009-10, and are estimated to be approximately 2.8% of General Fund revenues in fiscal year 2010-11.

Expenditures

Employee salaries and benefits account for approximately 86% of the District's General Fund expenditures in fiscal year 2009-10, and are estimated to be 84% of general fund expenditures in fiscal year 2010-11. The District has 2,254 FTE certificated employees, 1,494 FTE classified employees. Included in this total are 209 FTE management /confidential employees.

District Debt Structure

Tax and Revenue Anticipation Notes. The District has issued tax and revenue anticipation notes in recent years as shown in the table below. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys.

Issuance Date	Principal Amount	Interest Rate	Due Date
10/24/01	$35,000,000	2.5%	10/24/02
10/17/02	35,000,000	2.25	10/17/03
11/06/03	40,000,000	2.000	11/06/04
11/19/04	31,000,000	3.000	11/18/05
11/02/05	21,000,000	4.500	11/02/06

General Obligation Bonds. On November 3, 1998, the voters of the District approved a bond proposition authorizing the issuance of $157 million of bonds of the District. The District issued all of the authorized bonds in six series. On June 7, 2007, the District issued $49,930,000 Refunding Series 2007 Bonds. As of January 1, 2011, the outstanding authorized bonds are described below.

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 1999	1999	$27,500,197.30	$ 2,510,197.30
Series 2000	2000	41,997,786.20	2,047,786.20
Series 2001A	2001	16,120,000.00	2,790,000.00
Series 2001B	2001	30,877,897.05	30,877,897.05
Series 2003A	2003	14,000,000.00	see below
Series 2003B	2003	26,504,104.55	35,431,978.50
Refunding Series 2007	2007	49,930,000.00	46,935,000.00
TOTAL		$206,929,985.10	$120,592,859.00

On November 5, 2002, the District's voters approved a second bond measure in the amount of $350 million for specific school construction and modernization projects listed in the ballot measure, by a vote of at least 55% of those voting. As of January 1, 2011, the outstanding authorized bonds are described below:

Series Name	Year of Issue	Initial Principal	Current Outstanding Principal
Series 2003	2003	$46,000,000.00	$26,535,000.00
Series 2004	2004	68,999,931.40	46,369,931.40
Series 2007	2007	70,000,000.00	55,600,000.00
Series 2010	2010	55,000,000.00	55,000,000.00
TOTAL		$239,999,931.40	$183,504,931.40

All such bonds of the District are payable from an *ad valorem* property tax which the County is required to levy and collect in an amount sufficient each year to pay all principal and interest coming due in such year.

Qualified Zone Academy Bonds. On March 16, 2008, the District issued $2,444,892 of qualified zone academy bonds. As of January 1, 2011, the outstanding principal amount was $1,853,014.

Capitalized Lease Obligations. The District leases equipment under long-term lease purchase agreements. A summary of future minimum lease payments is as follows:

Year ending June 30	Annual Payments
2010	$ 42,042
2011	27,609
Total Payments	$ 69,651
Less Interest Portion	(4,318)
Net Minimum Lease Payments	$ 65,333

Qualified School Construction Bonds. On November 15, 2010, the District received a qualified school construction bond allocation of $10,600,000 from the California Department of Education. The District intends to issue said bonds in June of this year.

Capital Financing Plan

During the next two years, the District plans to undertake projects including construction, renovation and modernization with a total cost of approximately $65 million. The District has constructed new facilities for a gymnasium, a library and classrooms at Mesa Verde High School, a new gymnasium at Del Campo High School, significant capital improvements, including both new and upgraded facilities at San Juan High School, as well as building infrastructure and safety improvements to various school sites. The District expects to be able to complete all projects in its facilities master plan by 2013.

Insurance, Risk Pooling and Joint Powers Arrangements

The District is a member with other school districts of a joint powers authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The District purchases comprehensive general liability and property coverage in amounts comparable to other school districts participating in SIA.

For property coverage, the District has a deductible of $5,000 per occurrence; SIA covers damage up to $100,000 via a self-insured retention, and purchases excess property insurance in the commercial market through Public Entity Property Insurance Program (PEPIP) with coverage up to one billion per occurrence.

For liability insurance, the District is a member of SIA. The District has no deductible so liability up to $750,000 is self-insured by the SIA self-insured pool. SIA purchases excess general liability above the pooled $750,000 self-insured retention up to $25,000,000 per occurrence as follows: $750,000 to $5,000,000 General Reinsurance Corporation, A. M. Best Rating A++ XV; $5,000,000 to $10,000,000, General Reinsurance Corporation, A. M. Best Rating A++ XV; $10,000,000 to $20,000,000, Everest National Insurance Company, A.M. Best Rating A+ XV; $20,000,000 to $25,000,000, American Merchant Casualty Company, A. M. Best Rating A XV. The District also purchases optional excess liability coverage in the amount of $20,000,000 from American Merchant Casualty Company A. M. Best Rating A XV, bringing the total of liability coverage to $45,000,000 per occurrence.

The District self-insures for workers' compensation to $750,000 per occurrence, and purchases excess workers' compensation coverage in the commercial market to levels required by statute.

Each member of SIA has an ongoing financial responsibility in the event the SIA's total liabilities exceed its total assets. The relationship between the District and the SIA is such that it is not a component unit of the District for financial reporting purposes. Financial statements are available from SIA.

Monthly Cash Flow

The District has prepared for use in this Official Statement cash flow statements that show actual and estimated General Fund cash receipts and disbursements for fiscal year 2009-10, and projected General Fund cash receipts and disbursements for fiscal year 2010-11. The General Fund cash flow statements are set forth in Appendix D hereto.

COUNTY ECONOMIC PROFILE

The information in this section concerning the County's economy is provided as supplementary information only. The District encompasses only a portion of the County.

General Information

Sacramento County was incorporated in 1850 as one of the original 27 counties of the State of California. The County's largest city, the City of Sacramento, is the capitol of the State of California and also serves as the County seat. Sacramento became the State Capital in 1854. The County is the major component of the Sacramento Metropolitan Statistical Area which includes Sacramento, El Dorado, Placer and Yolo Counties.

Sacramento County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties to the south, Amador and El Dorado Counties to the east, Placer and Sutter Counties to the north, and Yolo and Solano Counties to the west. Sacramento County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

Sacramento County is a long-established center of commerce for the surrounding area. Trade and services, federal, state and local government are important economic sectors. Visitors are attracted to the County by the State Capitol and other historical attractions such as Sutter's Fort, as well as natural amenities. The County's location at the intersection of four major highways brings additional visitors destined for the San Francisco Bay Area, the Gold Country, the Central Valley and the Sierra Nevada Mountains.

According to the U.S. Bureau of Economic Analysis, in 2008, the County had per capita personal income of $39,076, which places it 23rd in the State, 89% of the State average.

Population

According to California Department of Finance's estimates, the County's population was 1,445,327 on January 1, 2010, an increase of .9% over the 2009 population, and an increase of 4.2% over the 2006 population.

Historical population figures are shown in the following exhibit.

Sacramento County
Population

Area	2006	2007	2008	2009	2010
Citrus Heights	87,204	87,012	87,205	87,615	88,115
Elk Grove	131,266	136,211	139,259	141,512	143,885
Folsom	67,762	68,925	70,597	71,051	71,453
Galt	23,065	23,466	23,882	24,145	24,264
Isleton	815	814	815	818	822
Rancho Cordova	56,386	58,839	60,694	61,747	62,899
Sacramento	458,773	467,120	474,925	481,356	486,189
Total Incorporated	825,271	842,387	857,377	868,244	877,627
Balance of County	561,209	560,114	560,967	563,924	567,700
County Total	1,386,480	1,402,501	1,418,344	1,432,168	1,445,327

Note: Totals may not add up to indicated totals due to independent rounding.

Source: California Department of Finance, Demographic Research Unit

County Employment

Sacramento County's civilian labor force reached an annual level of approximately 684,500 in 2010, a decrease of about .5% over 2009. Employment decreased during the period by approximately 12,300 people, while unemployment increased by about 9,200 people during that time. As a result, the County's civilian unemployment rate rose to about 12.7% in 2010. The following two exhibits show historical labor force data and major private sector employers in the County.

Sacramento County
Average Annual Civilian Labor Force, Employment and Unemployment

Type of Employment	2006	2007	2008	2009	2010
Civilian Labor Force	672,700	679,900	683,400	687,600	684,500
Civilian Employment	640,700	643,100	634,500	609,600	597,300
Civilian Unemployment	32,000	36,800	48,900	78,000	87,200
Unemployment Rate	4.8%	5.4%	7.2%	11.3%	12.7%

Source: State of California Employment Development Department, March 2009 Benchmark.

Major Employers

The following table provides a listing of major employers in the County.

Sacramento County
Major Employers

Employer Name & Industry	Industry	Parent Company Location	Number of Full Time Employees in Sacramento County
State of California	Government	Sacramento	73,243[1]
Sacramento County	Government	Sacramento	11,260
Sutter Health Sacramento Sierra Region	Healthcare	Sacramento	8,702
UC Davis Health System	Healthcare	Sacramento	8,500
Mercy/Catholic Healthcare West	Healthcare	San Francisco	6,976
Kaiser Permanente	Healthcare	Oakland	6,414
Elk Grove Unified School District	Education	Elk Grove	6,391
Intel Corp.	Semiconductor manufacturer	Santa Clara	6,000
Sacramento Municipal Utility District	Electric utility	Sacramento	5,057
San Juan Unified School District	Education	Carmichael	4,900
Sacramento City Unified School District	Education	Sacramento	4,500
Los Rios Community College District	Education	Sacramento	4,450
City of Sacramento	Government	Sacramento	4,374
Health Net Inc.	Managed Healthcare	Woodland Hills	2,449
California State University, Sacramento	Education	Sacramento	2,386
Wells Fargo & Co.	Financial services	San Francisco	2,306
Folsom Cordova Unified School District	Education	Folsom	1,850
Vision Service Plan	Vision benefits/services	Rancho Cordova	1,658
Aerojet	Aerospace/defense manufacturing	Sacramento	1,640
Delta Dental of California	Dental benefits provider	San Francisco	1,407
Eskaton	Retirement living/senior services	Carmichael	935
Franklin Templeton Investments	Global investment management	San Mateo	900
The Sacramento Bee	Newspaper publishing	Sacramento	846
Siemens Mobility	Engineer/manufacture light-rail, rail auto, rail electrification, logistics	Germany	700
Save Mart Sacramento	Grocery	Modesto	600

[1] Includes full-time and intermittent employees; does not include 1,195 part-time employees.
Source: Sacramento Business Journal Book of Lists, dated December 24, 2010.

TAXATION AND APPROPRIATIONS

Ad Valorem Property Taxation

The District utilizes the services of the County for the assessment and collection of taxes for District purposes, except for public utility property that is assessed by the State Board of Equalization.

The State Constitution and sections of various State statutes provide exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, nonprofit hospitals, charitable institutions and for severely handicapped individuals. The State Constitution exempts from *ad valorem* property taxation $7,000 of full value of owner occupied dwellings, and requires the Legislature to reimburse each local government for revenue lost as a result of the exemption.

Taxation of State-Assessed Utility Property

A portion of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization ("SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions assessed as part of a "going concern" rather than as individual parcels of real or personal property. Unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Recent changes in the California electric utility industry and in the way in which components of the industry are regulated and owned, including the sale of electric generation assets to largely unregulated, non-utility companies, may affect how utility assets are assessed in the future, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets or the State's methods of assessing utility property and allocating tax revenues to local taxing agencies, including the District.

Because the District is not a "basic aid" district, any taxes lost due to a reduction in, or transfer to another jurisdiction of, utility property assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "STATE FUNDING OF PUBLIC EDUCATION—Revenue for Public Education" herein.

Alternative Method of Tax Apportionment

In 1993 fiscal year, the County Board adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sales proceeds (the "Teeter Plan") as provided under the California Revenue and Taxation Code, Section 4701. Under the Teeter Plan, the secured and supplemental property taxes rolls are distributed to all taxing agencies within the County on the basis of the adjusted tax levy, rather than on the basis of actual cash collections. The County reserves the right to exclude from the Teeter Plan any special tax levying agency or assessment levying agency if such agency has provided for accelerated foreclosure proceedings in the event of non-payment of such special taxes or assessments, except that, if such agency has a delinquency rate in the collection of such special tax or assessment as of June 30 of any fiscal year that is equal to or less than the County's delinquency rate on the collection of current year *ad valorem* taxes on the countywide secured assessment roll, such agency's special taxes or assessments may, at the County's option, be included in the Teeter Plan. The County Tax Loss Reserve Fund for covering losses in the event that a shortfall may occur as a result of sales of tax-defaulted property is 25% of the current year roll delinquent as provided under California Revenue and Taxation Code, Section 4703.

DISTRICT TAX BASE INFORMATION

This section presents certain information concerning the property tax base in the District. For general information on how ad valorem property tax is assessed, levied and collected, see "TAXATION AND APPROPRIATIONS - Ad Valorem Property Taxation" herein.

Assessed Valuation

The following table represents the five-year history of assessed valuation in the District. See "TAXATION AND APPROPRIATIONS - *Ad Valorem* Property Taxation" herein for further information on assessed valuation.

San Juan Unified School District
Assessed Valuation

	Local Secured	Utility	Unsecured	Total Before Rdv. Increment
2006-07	$26,886,152,721	$1,506,733	$654,785,797	$27,542,445,251
2007-08	28,569,325,328	1,652,684	673,957,500	29,244,935,512
2008-09	29,399,599,602	1,652,684	735,647,241	30,136,899,527
2009-10	28,053,026,085	1,652,684	727,465,287	28,782,144,056
2010-11	27,721,776,507	1,652,684	708,165,071	28,431,594,262

Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies

The following table reflects the historical secured tax levy for bond debt service and year-end delinquencies for the County as a whole; the County does not report this information for school districts separately.

Sacramento County
Secured Tax Charges and Delinquencies

	Secured Tax Charge (1)	Amt. Del. June 30	% Del. June 30
2005-06	$16,251,532.00	$292,522.00	1.80%
2006-07	18,444,224.35	524,537.56	2.84
2007-08	19,872,777.00	690,930.00	3.48
2008-09	20,971,409.00	658,634.00	3.14
2009-10	18,935,536.00	499,192.00	2.64

(1) Bond debt service levy only.
Source: California Municipal Statistics, Inc.

Under the Teeter plan, the County funds the District its full tax levy allocation rather than funding only actual collections (levy less delinquencies). In exchange, the County receives the interest and penalties that accrue on delinquent payments, when the late taxes are collected. The County includes the District's general purpose secured property tax levy under the Teeter Plan, but *does not* include the *ad valorem* tax levy for the District's general obligation bonds. See "TAXATION AND APPROPRIATIONS - *Ad Valorem* Property Taxation" herein.

Tax Rates

The following is a summary of tax rates for a representative tax rate area, TRA 1-000, within the District. See "TAXATION AND APPROPRIATIONS - *Ad Valorem* Property Taxation" for further information on establishing tax rates.

San Juan Unified School District
Summary of Tax Rates
TRA 1-000

	2006/07 Tax Rate	2007/08 Tax Rate	2008/09 Tax Rate	2009/10 Tax Rate	2010/11 Tax Rate
County-wide Rate [(a)]	1.0000	1.0000	1.0000	1.0000	1.0000
San Juan Unified School District Bonds	0.0692	0.0707	0.0725	0.0688	0.0813
Los Rios College Bonds	0.0072	0.0066	0.0074	0.0124	0.0090

(a) Maximum rate for purposes other than paying debt service in accordance with Article XIIIA of the Constitution.
Source: Office of the Sacramento County Director of Finance.

Largest Taxpayers

The twenty largest taxpayers in the District, as shown on the 2010/11 secured tax roll, and the amounts of their assessed valuation for all taxing jurisdictions within the District, are shown below.

SAN JUAN UNIFIED SCHOOL DISTRICT
Largest 2010-11 Local Secured Taxpayers

	Property Owner	Primary Land Use	2010-11 Assessed Valuation	% of Total [(1)]
1.	Steadfast Sunrise I LLC	Commercial	$ 113,903,453	0.41%
2.	Hines VAF II Sacramento Properties LP	Office Building	102,015,433	0.37
3.	Wal Mart Real Estate Business Trust	Commercial	79,438,167	0.29
4.	Countre Club Centre LLC	Commercial	71,996,570	0.26
5.	MP Birdcage Marketplace LLC	Commercial	57,081,298	0.21
6.	The Realty Associates Fund VIII LP	Commercial	52,965,169	0.19
7.	John and Mary Evilsizor	Apartments	50,998,077	0.18
8.	VIF & Lyon Oak Creek LLC	Apartments	50,270,774	0.18
9.	Fairlake Apartments LLC	Apartments	49,458,299	0.18
10.	Donahue Schriber Realty Group LP	Commercial	49,318,975	0.18
11.	2401 Butano Dr. LLC	Commercial	48,163,018	0.17
12.	California Tropics Investors 1992	Mobilehome Park	41,540,990	0.15
13.	Carlsen Investments LLC	Office Building	38,764,115	0.14
14.	Abbey III Landmark LLC	Office Building	35,686,254	0.13
15.	George Karadanis Partnership	Apartments	35,264,362	0.13
16.	DS Town	Commercial	34,917,048	0.13
17.	Anne K. Oettle LP	Commercial	34,434,001	0.12
18.	McMorgan Institutional Real Estate Fund	Office Building	30,328,810	0.11
19.	CP Howe	Commercial	29,928,899	0.11
20.	KW Fund II 1860 Howe LP	Office Building	28,785,000	0.10
			$1,035,258,712	3.73%

[(1)] 2010-11 Local Secured Assessed Valuation: $27,721,776,507
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report as of February 1, 2011 (the "Debt Report") prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The first column lists local agencies with territory overlapping, at least in part, that of the District. The second column shows the portion of each overlapping entity's debt assignable within the boundaries of the District, and the third column shows the amount of that portion of the overlapping entity's existing debt. The total amount of debt for each overlapping entity is not given. The Debt Report also shows, at the top, the gross assessed valuation, less any redevelopment agency tax increment and the resulting net assessed valuation after deducting redevelopment agency tax increment. *Ad valorem* tax levy rates for paying general obligation bonds are determined on the basis of gross assessed valuation; allocation of the basic 1% *ad valorem* tax levy to taxing agencies within a county is determined on the basis of the net assessed valuation after deducting redevelopment agency tax increment.

SAN JUAN UNIFIED SCHOOL DISTRICT

2010-11 Assessed Valuation:	$28,431,594,262
Redevelopment Incremental Valuation:	429,861,980
Adjusted Assessed Valuation:	$28,001,732,282

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/11	
Los Rios Community College District	20.277%	$ 65,476,461	
San Juan Unified School District	**100.000**	**304,097,791**	(1)
City of Folsom	2.168	323,032	
City of Sacramento Assessment District No. 2	2.530	75,394	
Sacramento Area Flood Control Agency Assessment Districts	20.285 & 34.608	34,425,547	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$404,398,225	
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Sacramento County General Fund Obligations	24.209%	$ 86,025,345	
Sacramento County Pension Obligations	24.209	222,037,117	
Sacramento County Board of Education Certificates of Participation	24.209	2,556,470	
Los Rios Community College District Certificates of Participation	20.277	1,319,019	
San Juan Unified School District Certificates of Participation	**100.000**	**1,972,573**	(2)
City of Folsom General Fund Obligations	2.168	276,203	
City of Rancho Cordova Certificates of Participation	0.404	97,364	
City of Sacramento General Fund Obligations	2.530	19,208,393	
Sacramento Metropolitan Fire District Pension Obligations	53.244	34,935,505	
Recreation and Park Districts Certificates of Participation	Various	5,365,150	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$373,793,139	
Less: Sacramento County self-supporting obligations		1,711,576	
City of Sacramento self-supporting obligations		12,344,876	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$359,736,687	
GROSS COMBINED TOTAL DEBT		$778,191,364	(3)
NET COMBINED TOTAL DEBT		$764,134,912	

(1) Excludes issue to be sold.
(2) 2008 Qualified Zone Academy Bonds not supported by investment fund.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2010-11 Assessed Valuation:

Direct Debt ($304,097,791) 1.07%
Total Direct and Overlapping Tax and Assessment Debt............1.42%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt ($306,070,364)....................................1.09%
Gross Combined Total Debt...2.78%
Net Combined Total Debt 2.73%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: $0

Source: California Municipal Statistics, Inc.

STATE FUNDING OF PUBLIC EDUCATION

Revenue for Public Education

Sources of Revenue. The State's K-12 education system is supported primarily from State revenues, mostly sales and income taxes. The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (See "CONSTITUTIONAL & STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES & EXPENDITURES). As a result, changes in State revenues may affect appropriations made by the State to school districts. State revenue sources for school districts are supplemented with local property taxes, federal aid, local miscellaneous funds, and the California State Lottery.

In recent years, approximately 58% of all funds for California K-12 public education came from the State budget, which is required to be proposed by the governor of California (the "Governor") by January 10 and adopted by June 15 of each year (although the State often is late adopting the budget). Approximately 21% of funding for K-12 education comes from local property taxes. The California Constitution limits property taxes to one percent of the value of property; property taxes may only exceed this limit to repay voter approved debt.

Statewide, approximately 13% of school districts' revenues come from the federal government, and about 6% come from local miscellaneous sources. The latter category includes items such as food sales, money for debt repayment, interest on reserves and, in some cases, more significant sources such as developer fees and parcel taxes. Developer fees are fees that school districts can levy on new residential or commercial development within their boundaries to finance the construction or renovation of school facilities. Many school districts also seek grants or contributions, sometimes channeled through private foundations established to solicit donations from local families and businesses. School districts that still have unused school buildings or sites can lease or sell them for miscellaneous income as well. A significant number of school districts have secured the required two-thirds approval from local voters to levy special taxes on parcels or residences and/or have won voter approval, with either a two-thirds vote or a 55% majority, to sell general obligation bonds or to establish special taxing districts for the construction of schools. Use of such taxes is restricted by law.

The final revenue source for school districts is the California State Lottery. Approved by voters in late 1984, the lottery generates about 1% of total school revenues. Every three months the Lottery Commission calculates 34% of lottery proceeds for all public education institutions, the minimum according to the lottery law. Every K-14 school district receives the same amount of lottery funds per pupil from the State, which may be spent for any instructional purpose, excluding capital projects.

No other source of general purpose revenue is currently permitted for schools. Proposition 13 eliminated the possibility of raising additional *ad valorem* property taxes for general school support, and the courts have declared that fees may not be charged for school-related activities other than for busing services.

The State Revenue Limit. The State Revenue Limit was first instituted in 1973-74 to provide a mechanism to calculate the amount of general purpose revenue a school district, community college district or county board of education is entitled to receive from State and local sources. Each school district has its own target amount of funding from State funds and local property taxes per ADA. This target is known as revenue limit, and the funding from this calculation forms the bulk of all school districts' income. The State Legislature usually grants annual cost-of-living adjustments (COLAs) to revenue limits. The exact amount depends on whether the school district is an elementary, high school or a unified school district.

Apportionments for revenue limits are calculated three times a year for each school district, community college district and county board of education. The first calculation is performed for the February 20th First Principal Apportionment, the second calculation for the June 25th Second Principal Apportionment, and the final calculation for the end of the year Annual Apportionment. Calculations are reviewed by the county and submitted to the State Department of Education with respect to school districts and to the Chancellor of the California Community Colleges with respect to community college districts, which, respectively, reviews the calculations for accuracy, calculates the amount of state aid owed to such school district or community college district, as the case may be, and notifies the State Controller of the amount, who then distributes the state aid.

School districts that receive their revenue limit income entirely from property taxes are called "basic aid" school districts. They are permitted to keep all their property tax money (even if it exceeds their revenue limit). As guaranteed in the California Constitution, the State must apportion $120 per pupil. However, the categorical aid (see below) that school districts receive counts toward this requirement.

Distribution of Revenue for School Districts

General Purpose. The largest part of each school district's revenue funds general operating expenses associated with providing education, including salaries, benefits, supplies, textbooks and regular maintenance. As previously mentioned, the Revenue Limit governs the amount each school district receives. Each school district also receives some State and federal money for special programs, special costs, or categories of children with particular educational needs, called "categorical aid."

Categorical Aid. This special support goes into a school district's General Fund, but its expenditure is restricted to the purpose for which it is granted. About seventy-five percent (75%) of the total money generated for education is for general purposes, and about twenty-five percent (25%) is for categorical aid. The complex allocation system is adjusted somewhat by the State Legislature almost every year, with unpredictable effects on individual school districts.

There are a number of major federal and State categorical aid programs. Some allocations come automatically to school districts, while others require an application. Some programs are based on the characteristics of the children or families in a particular school district, such as gifted and talented, non-English speaking, migrant, low income or handicapped students. Other programs are for specific activities or expenses, such as transportation, textbooks or childcare. Each year a large amount of aid is allocated directly to the State Teachers' Retirement System (STRS) fund. For the past several years, supplemental grants have been directed to equalizing school districts' income from revenue limits plus specific categoricals. Most of the federal funds flow through the California Department of Education, which retains a certain percentage for administration.

In terms of dollars and the number of children served, the largest categorical aid program is Special Education for the Handicapped. According to court decisions and federal and California law, school districts are responsible for the appropriate education of each handicapped child from age 3 to 21 who lives within their boundaries. The allocations do not cover the cost of educating them. School districts are required to contribute a certain amount of general purpose funds for Special Education, and many spend much more. This is known as "encroachment."

School Facilities. Growing enrollments and/or aging facilities require school districts to build or make major renovations to school buildings. The income from developer fees on residential or commercial property is insufficient to fund all facilities costs. Voter approved general obligation bond moneys may only be used for purchase or improvement of real property, while Mello-Roos taxes can be used for this as well as for ongoing maintenance or purchase of needed equipment. A majority of voters has regularly approved state bond measures for the construction or reconstruction of schools.

The State Budget Process

According to the State Constitution, the Governor is required to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the Legislature no later than June 15, although this deadline is routinely missed. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the district's governing board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

Possible Delays in Apportionments. If the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding may be treated differently. In 2002, a California Court of Appeal held in White v. Davis (also referred to as Jarvis v. Connell) that the State Controller cannot disburse State funds after the beginning of the fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State constitution, such as appropriations for salaries of elected state officers, or (iii) required by federal law, such as payments to State workers (but at no more than minimum wage). The court specifically held that pre-budget disbursements of Proposition 98 funding for school districts are invalid. In 2003, the California Supreme Court upheld the decision of the Court of Appeal. During the 2003-04 State budget impasse, the State Controller nonetheless treated revenue limit apportionments to school districts as continuous legislative appropriations under statute. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-04 Budget Act was enacted.

Additional Delays in Apportionments. Urgency legislation enacted March 1, 2010, authorized deferral of certain payments during the 2010-11 fiscal year for K-12 schools (not to exceed $2.5 billion in the aggregate at any one time). Deferrals were authorized for July 2010, October 2010 and March 2011, for not to exceed 60, 90 and 60 days, respectively, but, depending on actual cash flow conditions at the time, the Controller, Treasurer and Director of Finance were permitted to either accelerate or delay the deferrals up to 30 days or reduce the amounts deferred. Certain school districts that can demonstrate hardship will not be subject to these deferrals. While the District believes this legislation will affect the District's cash flow and interest income, it expects the effects to be similar to the delays in State apportionments it frequently experiences due to delay in adoption of the State Budget, as described above.

Fiscal Year 2010-11 Budget. The Legislature adopted and the Governor signed the fiscal year 2010-11 budget on October 8, 2010, and closed an estimated budget gap of $19.3 billion by a combination of expenditure reductions, federal funds and other solutions. The budget projected total revenues of $89.4 billion (an increase of 8.4% from the prior year) and authorized total expenditures of $86.5 billion (an increase of 0.2% from the prior year). The Governor exercised his line-item veto authority to reduce the general fund spending authorized by the Legislature by $963 million in order to increase the projected reserve for economic uncertainties from $375 million to $1.3 billion.

The Proposition 98 minimum guarantee for 2010–11, as estimated at the time of budget enactment, was $53.8 billion. The Legislature determined that the State could not afford to fund at that level and suspended the Proposition 98 minimum guarantee for 2010–11. The $49.7 billion provided in the budget for Proposition 98 funding in 2010–11 is $4.1 billion lower than the guarantee. As a result of the suspension, that amount became a maintenance factor obligation, which will require the State to increase K–14 funding in the future by that amount. The LAO estimated that, at the end of 2010–11, the State would have an outstanding maintenance factor obligation of $9.6 billion.

Despite the total Proposition 98 funding level's remaining relatively flat from 2009–10 to 2010-11, significant declines in local property tax revenues necessitated an increase in general fund spending. For 2010–11, the State expected to achieve some participation/attendance–related savings from its K–3 Class Size Reduction, Economic Impact Aid, and special education programs. Most of the 2010-11 savings, however, come not from cuts but from payment deferrals — with the largest spending change in 2010–11 being a $1.7 billion deferral of K–12 payments until 2011–12. (The LAO estimated that, together with prior-year deferrals, the State would be deferring more than $8 billion in Proposition 98 payments.)

The budget and related bills (the "budget package") provide $300 million in non–Proposition 98 general fund monies to support two mandate–related actions. The funds constitute a first payment toward reducing the State's Proposition 98 2009–10 settle–up obligation. Of the $300 million, the State budgeted $90 million for the 2010–11 cost of mandates. Providing this annual payment effectively stops the State's practice of deferring K–14 mandate payments, which a Superior Court in 2008 declared unconstitutional. In addition, the State allocated $210 million on a per–student basis, with monies first used for any unpaid prior–year K–14 mandate claims. This latter action was intended to help pay off a portion of the K–14 mandate backlog. The budget package also included several provisions that reduce the State's mandate–related debt in future years and relieve districts from performing certain mandated activities, reduce costs associated with several mandates, and suspend all or part of other mandates.

Even with the mandate actions taken as part of the budget package, the LAO estimated the State would end 2010–11 with $3.7 billion in unpaid K–14 mandate claims — costs that the State is constitutionally required to pay at some point in the future. In addition to these constitutional obligations, the State has kept track of recent foregone cost–of–living adjustments (COLAs) as well as base reductions to K–12 revenue limits, and it has made a statutory commitment to increase K–12 revenue limits accordingly at some point in the future. The estimated cost of funding these COLAs and restoring these cuts is $7.2 billion. (The State would need to provide this amount every year on an ongoing basis to retire what is commonly referred to as the statutory revenue limit "deficit factor.")

LAO's Fiscal Outlook Report. In a report released on November 10, 2010, the LAO projected a current year deficit of $6 billion based on its assumption that the State will be unable to secure around $3.5 billion of budgeted federal funding in fiscal year 2010-11, projected higher-than-budgeted costs in prisons and other programs, and assumed that the passage of Proposition 22 will prevent the State from achieving approximately $800 million of budgeted solutions in fiscal year 2010-11.

The LAO also predicted that the temporary nature of most of the State Legislature's 2010 budget-balancing actions and the extremely slow economic recovery would contribute to a $19 billion projected operating deficit in fiscal year 2011-12. The LAO also projected annual budget deficits of about $20 billion each year through 2015-16.

The LAO projected that general fund tax revenues would decline significantly in 2011–12, because of the expiration of temporary tax increases and other factors, which would in turn reduce the Proposition 98 minimum guarantee. The LAO's forecast was that the guarantee will decline from $49.7 billion in 2010–11 (when the Legislature suspended Proposition 98) to $47.5 billion in 2011–12. If the Legislature funds schools at the forecasted minimum guarantee in 2011–12, school districts would face significant programmatic reductions due to the decline in Proposition 98 funding coupled with the State's cost of the payments deferred into 2011-12 as one-time fiscal year 2010-11 budget solutions.

Fiscal Year 2011-12 Proposed Budget. On January 10, 2011, Governor Brown submitted the proposed 2011-12 State Budget to the State Legislature. The Administration now forecasts current–law General Fund revenues and transfers of $90.7 billion in 2010–11. This is up by $3.7 billion (4.2%) from 2009–10 revenues, but down by $3.5 billion (3.7%) from the revenue forecast adopted with passage of the State Budget in October 2010. The Governor's proposed budget estimates that, without corrective action by the Legislature and the Governor, the State would end 2011–12 with a $25.4 billion deficit. The Governor's plan, totaling $26.4 billion in budget solutions, relies on a mixture of expenditure reductions, tax increases, and borrowing from special funds and other sources and would require legislative approval of statutory changes by March 1. The Governor's proposed budget projects $86.3 billion of General Fund revenues for 2011-12 and would authorize $84.6 billion of expenditures. If adopted and achieved in full, the Governor's budget plan would leave the State with a reserve of around $1 billion at the end of 2011–12.

The Governor's proposal funds Proposition 98 at the minimum guarantee in 2011-12. The proposed spending level assumes adoption of the Governor's tax plan to raise $4.8 billion in additional State General Fund revenues, primarily from the extension of higher personal income tax rates. These additional revenues increase the Proposition 98 minimum guarantee by $2 billion in 2011-12. Absent these additional revenues, the minimum guarantee would have fallen year over year, whereas, with the additional revenues, the guarantee stays virtually flat. Under the Governor's plan, K-12 programmatic funding per student decreases by about $100 or 1.4% from 2010-11 to 2011-12. Most of the decline in K–12 per student funding is attributable to the loss of federal stimulus funding.

The Governor's Proposition 98 plan includes $2.1 billion in new inter–year deferrals of K-12 revenue limit payments from 2011-12 to 2012-13. Although the Administration has not yet determined from which months' K-12 revenue limit payments would be deferred, it has indicated that deferrals likely would not be repaid until September or October of 2012. In addition to the inter–year deferrals, the Governor proposes to continue intra–year deferrals to help with the State's cash flow problems. The Governor's intra–year deferral plan would delay $2.5 billion in K-12 payments beginning in July 2011, reflecting the same magnitude as the 2010-11 intra–year deferrals.

The Governor's plan also includes a two-year extension of existing K-12 fiscal relief options. The Governor proposes to extend "categorical flexibility" from 2012-13 through 2014-15. With this flexibility, school districts can use the funding associated with about 40 categorical programs for any educational purpose.) The Governor's plan also would extend the existing K-3 Class Size Reduction rules from 2011-12 through 2013-14. (These rules apply more modest funding reductions to K-3 classes that exceed 20 students.) Additionally, the Governor proposes extending for two years the existing statutory provisions that reduce routine maintenance requirements, suspend deferred maintenance requirements, postpone instructional materials purchases, and lower unrestricted budget reserve requirements.

Additional Information on State Finances

Summaries of the enacted 2010-11 budget and the Governor's proposed 2011-12 budget may be found at the internet website of the California Department of Finance, www.dof.ca.gov, under the heading "California Budget." The LAO's overviews of the 2010-11 State budget and the Governor's proposed 2011-12 budget may be found at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov.

Periodic reports on revenues and/or expenditures during the fiscal year are issued by the Governor's Office, the State Controller's Office and the LAO. The Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by State departments, comparing them to budget projections. The Governor's Office also formally updates its budget projections three times during each fiscal year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above is prepared by the respective State agencies maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Future State Budgets

The District cannot predict what actions will be taken in the future by the Legislature and the Governor to deal with changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and state economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools as budgeted.

Recent Litigation

From time to time, litigation is filed challenging the constitutionality of various aspects of the system of financing for public schools in California. In the latest such case, Maya Robles-Wong, *et al.* v. State of California, filed May 20, 2010, a plaintiff class of California public school students, several school districts, and the California Congress of Parents, Teachers & Students, the Association of California School Administrators and the California School Boards Association seeks a permanent injunction compelling the State to abandon the existing system of public school finance in favor of one that would provide equal educational opportunity to all school-aged children in the State. The District is not a party to the case.

CONSTITUTIONAL & STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES & EXPENDITURES

The information in this section concerning certain provisions of Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other law, is provided as supplementary information only, to outline the principal constitutional and statutory laws under which the operating revenue and finances of K-12 school districts in the State are determined. For specific financial information on the District, see "DISTRICT FINANCIAL INFORMATION" herein.

Article XIIIA - Limit on Property Tax

Article XIIIA of the State constitution (the "Constitution") limits, subject to certain exceptions, the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA requires a vote of two-thirds of those voting in an election to impose *ad valorem* taxes, and, except to pay debt service on certain voter approved indebtedness, prohibits the imposition of any additional *ad valorem*, sales or transaction taxes on real property. Article XIIIA does permit *ad valorem* taxes to be levied in excess of the basic 1% tax limitation as required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, (b) on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on any bonded indebtedness approved by fifty-five percent of the votes cast by the voters of a school or community college district for the construction, reconstruction, rehabilitation or replacement of, including furnishing and equipping of, or the acquisition or lease of real property for, school facilities, provided that certain accountability and other requirements are satisfied. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues, while prohibiting the imposition by the State Legislature of any new *ad valorem*, sales or transaction taxes on real property.

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax except to pay voter-approved indebtedness. The 1% property tax is automatically levied by each county in the State and distributed according to a formula among taxing agencies within that county. The formula apportions the tax roughly in proportion to the relative shares of taxes last levied prior to 1989.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency claims, if any, on tax increment and subject to changes in organization, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

Article XIIIB - Appropriations Limit

Article XIIIB of the Constitution, approved by voters in 1979 and subsequently amended by Propositions 98 and 111, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State, to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population, for transfers in the financial responsibility for providing services and for certain declared emergencies (the "Gann limit"). As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per-capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues. For school districts, Article XIIIB constrains appropriations from State and local tax sources, but not federal aid or non-tax income, such as revenues from cafeteria sales or adult education fees.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two fiscal years. If a school district receives any proceeds of taxes in excess of its appropriations limit, it may increase its appropriations limit to equal that amount by taking the appropriations limit from the State.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the Constitution. See "Propositions 98 and 111" below.

Article XIIIB does not impact the ability of the County to levy and collect the property tax or pay debt service on District general obligation bonds.

Propositions 98 and 111 - State Funding for School Districts

On November 8, 1988 the voters approved Proposition 98, an initiative constitutional amendment and statute called "The Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the California Education Code, Proposition 98 also amended Article XIIIB and Section 8 of Article XVI of the Constitution and added Section 8.5 of Article XVI to the Constitution, the effects of which are to establish a minimum level of State funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school district appropriations limits.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the Constitution with respect to appropriations limitations and school funding priority and allocation.

Article XIIIB, as amended by both Proposition 98 and Proposition 111, is discussed above under "Article XIIIB."

The provisions of Sections 8 and 8.5 of Article XVI, as added to or amended by Propositions 98 and 111, may be summarized as follows:

(a) *State Funding of Schools (Section 8).* Monies to be applied by the State for the support of school districts must be at a level equal to the greater of the following "tests":

(i) The amount which, as a percentage of the State general fund revenues which may be appropriated pursuant to Article XIIIB, equals the percentage of general fund revenues appropriated for school districts in fiscal year 1986-87;

(ii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess state revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a fiscal year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita general fund revenues plus one-half of one percent);

(iii) The amount actually appropriated to school districts in the prior fiscal year from general fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita general fund revenues, and, in addition, an amount equal to one-half of one percent times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a fiscal year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita general fund revenues plus one-half of one percent).

If the third test is used in any year the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the general fund revenue growth exceeds personal income growth.

The State legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

(b) *Allocations to the State School Fund (Section 8.5).* In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIIIB) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIIIB limitations and are to be made in an equal amount per enrollment.

Proposition 1A - Limit On ERAF Shifts To School Districts

Since fiscal year 1992-93 the State has satisfied a portion of its Proposition 98 obligations for revenue limit funding of school districts by shifting part of the 1% local *ad valorem* property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. At the November 2004 election State voters approved Proposition 1A, limiting the amount and frequency of such ERAF shifts of property tax revenue from other taxing agencies to school districts.

Under Proposition 1A, beginning in fiscal year 2008-09, the State will be able to divert no more than eight percent of local property tax revenues for State purposes (including, but not limited to, funding K-12 education) only if: (a) the Governor declares such action to be necessary due to a State fiscal emergency; (b) two-thirds of both houses of the Legislature approve the action; (c) the amount diverted is required by statute to be repaid within three years; (d) the State does not owe to local agencies any repayment for past property tax or Vehicle License Fee diversions; and (e) such property tax diversions do not occur in more than two of any ten consecutive fiscal years. Because ERAF shifts will be capped and limited in frequency, the State will have to rely more heavily on State general fund moneys for Proposition 98 funding of school districts.

Propositions 57 and 58 - California Economic Recovery Bond Act and State Budget Requirements

On March 2, 2004 State voters passed Proposition 57, the California Economic Recovery Bond Act, authorizing the issuance by the State of up to $15 billion of bonds to finance the State's negative general fund balance as of June 30, 2004 and other general fund obligations undertaken prior to June 30, 2004. The State has issued $10.896 billion Economic Recovery Bonds under this authorization. In the same election State voters passed Proposition 58, the Balanced Budget Amendment, requiring the State to adopt and maintain a balanced budget, establish a reserve and restrict future long-term deficit-related borrowing.

Articles XIIIC and XIIID - Right to Vote on Taxes, Assessments, Fees and Charges

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect taxes, assessments, fees and charges. Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIIIC also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. The *ad valorem* property tax levied to pay debt service on the District's general obligation bonds is a "special tax" approved by two-thirds of the District's voters in the manner required by Article XIIIC.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. In respect to school district general obligation bonds, the

Constitution and laws of the State impose a mandatory duty on county tax collectors to levy a property tax sufficient to pay debt service on such bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of such bonds or to otherwise interfere with performance of the mandatory duty of a school district and its county with respect to such taxes which are pledged as security for payment of such bonds. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of, or consents to, any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Voter approved special taxes (including those levied pursuant to the Mello-Roos Community Facilities Act), "parcel taxes" and assessments levied pursuant to the Landscape and Lighting District Act of 1972 (among other assessments), that are not pledged to the payment of bonds, may be subject to reduction or repeal by voter initiative under the provisions of Article XIIIC.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect laws existing prior to enactment of Articles XIIIC and XIIID relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by a school district. By its terms, Article XIIID does not apply to *ad valorem* property tax of the type levied to pay debt service on the District's general obligation bonds.

The interpretation and application of Article XIIIC and Article XIIID will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 98, 111 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or ability to expend revenues.

LEGAL MATTERS

No Litigation

No litigation is pending with service of process having been accomplished, or to the best knowledge of the District, threatened concerning the validity of the Notes, and a certificate of the District to that effect will be furnished to the initial purchaser or purchasers at the time of the original delivery of the Notes. The District is not aware of any litigation pending or threatened questioning the political existence, contesting its ability to receive or accrue for the General Fund taxes, income, revenues, cash receipts and other moneys, or contesting its ability to issue and retire the Notes.

Legal Opinion

Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Sacramento, California, Bond Counsel, will render its opinion with respect to the validity and enforceability of the Resolution and as to the validity of the Notes. Copies of such approving opinion will be available at the time of delivery of the Notes, and a copy of the legal opinion will be printed on the Notes. The form of the legal opinion proposed to be delivered by Bond Counsel is included as Appendix C to this Official Statement.

Tax Matters

In the opinion of Kronick, Moskovitz, Tiedemann & Girard, A Professional Corporation, Bond Counsel, based on an analysis of existing statutes, regulations, rulings and court decisions, and in reliance on certain certificates, opinions, and other things, interest on the Notes is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to assure that interest on the Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Notes being included in federal gross income, possibly from the date of issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may affect the tax status of interest on the Notes.

Bond Counsel is also of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations, however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Although Bond Counsel expects to render an opinion that interest on the Notes is excludable from federal gross income, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect a Beneficial Owner's federal tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any other federal or State tax consequences.

In addition, no assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Notes to be subject, directly or indirectly, to federal or State income taxation, or otherwise prevent Beneficial Owners of the Notes from realizing the full current benefit of the tax status of such interest. Prospective purchasers of the Notes should consult their own tax advisers regarding any pending or proposed federal or State tax legislation. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the Internal Revenue Service ("IRS"), including but not limited to regulation, ruling, or selection of the Notes for audit examination, or the course or result of any IRS examination of the Notes, or obligations that present similar tax issues, will not affect the market price or liquidity of the Notes.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

RATING

Standard & Poor's (A Division of the McGraw-Hill Companies, Inc.) has assigned the Notes the rating affixed to and made a part of the cover page hereof. The District furnished Standard & Poor's certain information and materials concerning the Notes and the District. Generally, Standard & Poor's bases its rating on such information and materials and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that either such rating will continue for any given period of time or that it may not be suspended, lowered or withdrawn entirely by Standard & Poor's if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse material effect on the secondary market price of the Notes. Any explanation of the significance of the rating may be obtained only from Standard & Poor's, Public Finance Department, 55 Water Street, 38th Floor, New York, New York 10041, telephone (212) 438-2400.

FINANCIAL ADVISOR

Capitol Public Finance Group, LLC, has been employed by the District to perform financial advisory services in relation to the sale and delivery of the Notes. Capitol Public Finance Group, LLC, in its capacity as financial advisor, has read and participated in drafting certain portions of this Official Statement. Capitol Public Finance Group, LLC has not, however, independently verified nor confirmed all of the information contained within this Official Statement. Capitol Public Finance Group, LLC will not participate in the underwriting of the Notes. Fees charged by Capitol Public Finance Group, LLC are not contingent upon the sale of the Notes.

INDEPENDENT AUDITORS

The basic financial statements of the District as of June 30, 2010, and for the fiscal year then ending, have been audited by Perry-Smith LLP of Sacramento, California. The financial statements of the District as of and for the fiscal year ending June 30, 2010, are set forth in Appendix A attached hereto. The auditor has not performed any subsequent events review or other procedures relative to the audited financial statements since the date of its letter. Complete copies of all past and current financial statements may be obtained from the District. See "DISTRICT FINANCIAL INFORMATION" herein.

UNDERWRITING AND INITIAL OFFERING PRICE

The Notes were sold to __________ (the "Underwriter"), pursuant to an official notice of sale and award of bid by and among the District, the County, and the Underwriter, for an amount equal to the principal amount of the Notes, plus an original issue premium of $______, less an underwriter's discount of $_______, for a total purchase price of $_____, at a True Interest Cost (TIC) to the District of _____%.

The Underwriter has certified to the District and to Bond Counsel the initial price at which the Notes have been reoffered to the general public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers). The reoffering price or corresponding yield to maturity is as set forth on the cover page hereof. The initial offering price stated on the cover page to this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the owners of the Notes to give notice of the occurrence of certain enumerated events, if material. See "APPENDIX B—Form of Continuing Disclosure Certificate" herein. Notices of material events will be filed by the District with each nationally recognized municipal securities information repository and the state information repository, if any, the Municipal Securities Rulemaking Board, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission. This covenant of the District has been made to assist the Underwriter of the Notes in complying with S.E.C. Rule 15c2-12(b)(5). The District has never failed to comply in all material respects with regard to said Rule to provide annual reports or notices of material events.

ADDITIONAL INFORMATION

Additional information concerning the District, the Notes or any other matters concerning the sale and delivery of the Notes may be obtained from the District by contacting the District at 3738 Walnut Avenue, Carmichael, CA 95608, telephone: (916) 971-7700, or by contacting the District's financial advisor, Capitol Public Finance Group, LLC, Sacramento, California, telephone (916) 641-2734.

All of the preceding summaries of the Resolution, other applicable legislation, agreements and other documents are made subject to the provisions of such documents respectively, and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to documents on file with the District for further information in connection with the District and the Notes. Further, this Official Statement does not constitute a contract with the purchasers of either Note, and any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the District has been duly authorized by the District Board, and this Official Statement may be signed in counterparts.

SAN JUAN UNIFIED SCHOOL DISTRICT

By:____

Dr. Pat Jaurequi, Superintendent

APPENDIX A

Basic Financial Statements of the District for the Year Ending June 30, 2010

PERRY-SMITH
THE POWER OF CONFIDENCE

Perry-Smith LLP
400 Capitol Mall | Suite 1200
Sacramento, CA 95814
www.perry-smith.com
916.441.1000

INDEPENDENT AUDITOR'S REPORT

Audit Committee
San Juan Unified School District
Carmichael, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of San Juan Unified School District, as of and for the year ended June 30, 2010, which collectively comprise San Juan Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of San Juan Unified School District as of June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2010 on our consideration of San Juan Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Management's Discussion and Analysis and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule and the Schedule of Other Postemployment Benefits Fund Progress, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise San Juan Unified School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of San Juan Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Perry-Smith LLP

Sacramento, California
December 7, 2010

San Juan Unified School District
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

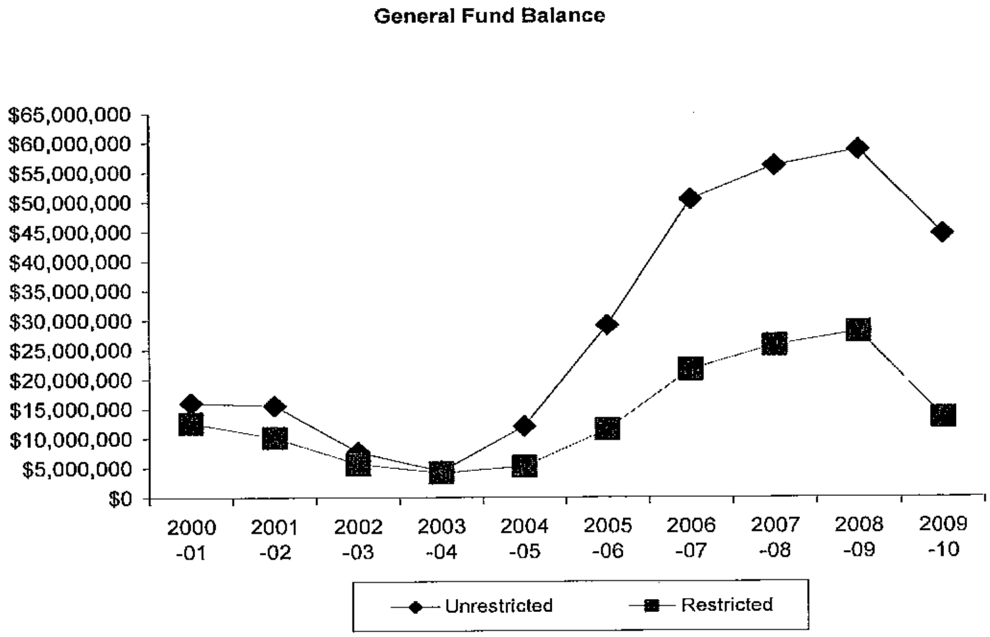
The management's discussion and analysis of San Juan Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on pages 1 and 2, notes to the basic financial statements, which begin on page 18, and the District's financial statements, which begin on page 8.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Due to reductions in State funding and ARRA funding expiring, the District's General Fund experienced deficit spending for 2009-10 fiscal year wherein expenditures plus interfund transfers out exceeded revenues plus interfund transfers in thereby reducing the Fund Balance by **$20.8** million.

Revenues and other financing sources for 2009 and 2010, and ending fund balance for 2009 reflect the adjustment made in the prior year for the State of California revenue shift and the reversal of that adjustment in the current year.

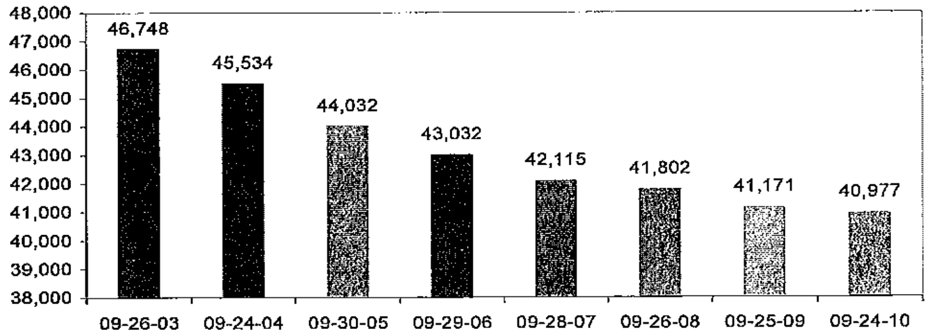


	2008-09			2009-10		
	Unrestricted	Restricted	TOTAL	Unrestricted	Restricted	TOTAL
Net Increase (Decrease) in Fund Balance	$2,695,555	$2,335,859	$5,031,414	($6,191,794)	($14,653,624)	($20,845,418)
Beginning Fund Balance	$56,123,473	$25,774,400	$81,897,873	$50,753,920	$28,110,259	$78,864,179
Ending Fund Balance	$58,819,028	$28,110,259	$86,929,287	$44,562,126	$13,456,635	$58,018,761

Source: SACS Report

The District continues a decline in student enrollment, although the trend suggests the decrease is not as great as prior years.

Enrollment



OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information. The financial statements include two kinds of statements that present different views of the San Juan Unified School District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, report the District's operations and in more detail than the district wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The remainder of the management's discussion and analysis highlights the structure and contents of each of the statements.

The district-wide statements report information about the District as a whole. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets and liabilities as a measure of the District's financial position.

In the district-wide financial statements the District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation, and administration. State support from revenue limit funding and categorical apportionments finance most of these activities.

- Business-type activities – The District does not currently have any business type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- Proprietary funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Internal service funds (the other kind of proprietary fund) are use to report activities that provide supplies and services for the District's other programs and activities. The district currently has one internal service fund-the employee insurance fund.

- Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Assets

The District's combined net assets were $173,927,834 on June 30, 2010 resulting in a decrease from the prior fiscal period of $25,501,338.

	June 30, 2009	June 30, 2010	Change
Total Assets	$565,555,930	$522,691,393	-$42,864,537
Liabilities	$366,126,758	$348,763,559	-$17,363,199
Ending Net Assets	$199,429,172	$173,927,834	-$25,501,338

The change in Total Assets is primarily a result of the following:

- An increase of $24,162,987 in the net value of capital assets as a result of both completed projects as well as projects underway.

- A decrease in current assets (e.g. cash, account receivables) of $67,027,524 most of which can be attributed in a decrease in cash with fiscal agent. This cash account is used to fund the district's capital asset improvements (i.e. Measure S & J).

The change in Liabilities is primarily a result of the following:

- A decrease in long-term debt of $12,878,202, which is mainly attributed to ongoing repayment of debt.

- An decrease of current liabilities (e.g. Accounts Payable, Deferred Revenue) of $4,484,997 with the decrease mainly attributable to a reduction in salary and associated benefits owed at the end of the fiscal year.

Governmental Activities – Statement of Revenues

GENERAL REVENUES	June 30, 2009	June 30, 2010
Taxes and Subventions	$106,586,764	$99,743,275
Federal and State Aid	$181,704,485	$190,865,920
Interest and Investment	$4,355,428	$1,069,895
Interagency Revenues	$136,514	$2,651,810
Miscellaneous	$1,260,811	$3,405,693
Total	$294,044,002	$297,736,593

Governmental Activities – Statement of Net Expenditures

NET EXPENSES		June 30, 2009	June 30, 2010
Instruction		-$180,791,836	-$189,905,346
Instruction Related Services			
Supervision of Instruction		-$7,450,188	-$10,299,168
Library, Media, Technology		-$3,216,937	-$4,237,397
School Site Administration		-$28,170,275	-$29,517,491
Pupil Services			
Transportation		-$8,123,979	-$7,607,757
Food Services		-$397,399	$825,439
All Other Pupil Services		-$8,310,135	-$9,280,449
General Administration		-$28,341,413	$8,803,440
Plant Services		-$41,886,934	-$56,507,250
Ancillary Service		-$1,474,664	-$1,428,430
Enterprise Activities		$9,595,937	-$181,998
Community Services		-$115,439	-$65,614
Interest on Long Term Debt		-$16,346,487	-$10,540,337
Other Outgo		$187,031	-$372,060
Depreciation (unallocated)		-$12,216,694	-$12,923,513
	Total	-$327,059,412	-$323,237,931

	Revenues	Net Expense	Change
June 30, 2009	$294,044,002	-$327,059,412	-$33,015,410
June 30, 2010	$297,736,593	-$323,237,931	-$25,501,338

Governmental Funds – Fund Balance

The full reserve for economic uncertainty of 2% was restored at the end of 2004-05 and is maintained through the 2009-10 actual and 2010-11 budget.

Financial Issues

Declining enrollment and increased operating expenses are the key issues facing the San Juan Unified School District. The development of future budgets will be influenced by external variables such as the State Budget and enrollment changes. Internal factors of compensation and number of employees must be commensurate with the number of students. San Juan Unified School District must be vigilant in monitoring all expenditures to avoid fiscal distress.

BASIC FINANCIAL STATEMENTS

SAN JUAN UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 98,106,486
Accounts receivable	62,112,388
Prepaid expenditures	1,495,854
Other current assets	127,664
Stores inventory	421,106
Capital assets, net of accumulated depreciation (Note 4)	360,427,895
Total assets	522,691,393
LIABILITIES	
Accounts payable and other current liabilities	31,014,068
Deferred revenue	6,105,892
Unpaid claims and claim adjustment expenses (Note 5)	6,781,853
Long-term liabilities (Note 6):	
Due within one year	13,149,629
Due after one year	291,712,117
Total liabilities	348,763,559
NET ASSETS	
Invested in capital assets, net of related debt	76,136,804
Restricted (Note 7)	76,837,821
Unrestricted	20,953,209
Total net assets	$ 173,927,834

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities (Note 4):					
Instruction	$ 254,764,510	$ 2,620,958	$ 62,237,816	$ 390	$ (189,905,346)
Instruction-related services:					
Supervision of instruction	26,129,313	741,224	15,088,921		(10,299,168)
Instructional library, media and technology	4,259,899	(113,997)	136,499		(4,237,397)
School site administration	34,318,113	926,389	3,874,233		(29,517,491)
Pupil services:					
Home-to-school transportation	13,246,332	268,422	5,370,153		(7,607,757)
Food services	12,242,360	3,679,173	9,388,626		825,439
All other pupil services	14,869,729	414,725	5,174,555		(9,280,449)
General administration:					
Data processing	3,912,366	95,315	225,088		(3,591,963)
All other general administration	(9,469,912)	268,900	2,656,591		12,395,403
Plant services	58,624,664	279,005	1,838,409		(56,507,250)
Ancillary services	1,722,370	87,443	206,497		(1,428,430)
Community services	1,360,835	385,309	909,912		(65,614)
Enterprise activities	1,189,887	217,528	790,361		(181,998)
Interest on long-term liabilities	10,540,337				(10,540,337)
Other outgo	1,044,518	4,176	668,282		(372,060)
Depreciation (unallocated)	12,923,513				(12,923,513)
Total governmental activities	$ 441,678,834	$ 9,874,570	$ 108,565,943	$ 390	(323,237,931)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	78,273,043
Taxes levied for debt service	21,325,022
Taxes levied for other specific purposes	145,210
Federal and state aid not restricted to specific purposes	190,865,920
Interest and investment earnings	1,069,895
Interagency revenues	2,651,810
Miscellaneous	3,405,693
Total general revenues	297,736,593
Change in net assets	(25,501,338)
Net assets, July 1, 2009	199,429,172
Net assets, June 30, 2010	$ 173,927,834

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2010

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 19,366,778	$ 15,172,351	$ 18,257,451	$ 9,826,777	$ 62,623,357
Cash in revolving fund	205,000			4,606	209,606
Cash on hand and in banks				1,098,965	1,098,965
Cash awaiting deposit				1,245	1,245
Cash with Fiscal Agent		8,458,391			8,458,391
Deferred compensation	8,932,047				8,932,047
Accounts receivable	54,206,616	132,017		7,716,376	62,055,009
Prepaid expenditures	766,251			3,720	769,971
Other current assets			127,664		127,664
Due from other funds	1,128,707	59,249		364,024	1,551,980
Stores inventory	287,756			133,350	421,106
Total assets	$ 84,893,155	$ 23,822,008	$ 18,385,115	$ 19,149,063	$ 146,249,341
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 8,006,861	$ 2,553,432		$ 1,193,469	$ 11,753,762
Deferred compensation	8,932,047				8,932,047
Deferred revenue	5,286,218		$ 12,903	2,092	5,301,213
Due to other funds	4,649,268	21,334		1,205,292	5,875,894
Total liabilities	26,874,394	2,574,766	12,903	2,400,853	31,862,916
Fund balances:					
Reserved for:					
Revolving fund	205,000			4,606	209,606
Prepaid expenditures	766,251			3,720	769,971
Stores inventory	287,756			133,350	421,106
Unspent categorical revenue	12,197,628			580,742	12,778,370
Unreserved, reported in:					
General Fund	44,562,126				44,562,126
Special Revenue Funds				14,272,346	14,272,346
Capital Projects Funds		21,247,242		1,753,446	23,000,688
Debt Service Funds			18,372,212		18,372,212
Total fund balances	58,018,761	21,247,242	18,372,212	16,748,210	114,386,425
Total liabilities and fund balances	$ 84,893,155	$ 23,822,008	$ 18,385,115	$ 19,149,063	$ 146,249,341

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2010

Total fund balances - Governmental Funds		$ 114,386,425
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $486,062,602 and the accumulated depreciation is $125,634,707 (Note 4).		360,427,895
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2010 consisted of (Note 6):		
General Obligation Bonds	$ (258,740,398)	
Accreted interest	(32,009,816)	
Unamortized Premium on General Obligation Bonds	(4,388,929)	
Capitalized lease obligations	(26,695)	
Qualified Zone Academy Bonds	(1,972,573)	
Other Postemployment Benefits (Note 9)	(4,698,381)	
Compensated absences	(3,024,954)	
		(304,861,746)
Internal service funds are included in the government-wide financial statements.		14,212,906
Unmatured interest on long-term liabilities is recognized in the period incurred.		(10,237,646)
Total net assets - governmental activities		$ 173,927,834

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Revenue limit sources:					
State apportionment	$ 120,908,141			$ 18,786,388	$ 139,694,529
Local sources	78,284,418				78,284,418
Total revenue limit	199,192,559			18,786,388	217,978,947
Federal sources	36,587,357			18,276,530	54,863,887
Other state sources	89,815,498		$ 317,015	8,820,443	98,952,956
Other local sources	10,190,212	$ 1,465,848	21,108,766	10,569,041	43,333,867
Total revenues	335,785,626	1,465,848	21,425,781	56,452,402	415,129,657
Expenditures:					
Certificated salaries	173,613,465			20,686,630	194,300,095
Classified salaries	60,759,379	1,104,267		12,853,549	74,717,195
Employee benefits	68,133,519	341,362		10,935,982	79,410,863
Books and supplies	15,747,023	2,087,144		8,373,024	26,207,191
Contract services and operating expenditures	31,223,972	8,434,644		8,341,652	48,000,268
Capital outlay	86,898	23,567,601		89,666	23,744,165
Other outgo	1,012,959				1,012,959
Debt service:					
Principal retirement	161,662		14,975,784	114,313	15,251,759
Interest	12,280		9,745,469	13,224	9,770,973
Total expenditures	350,751,157	35,535,018	24,721,253	61,408,040	472,415,468
Deficiency of revenues under expenditures	(14,965,531)	(34,069,170)	(3,295,472)	(4,955,638)	(57,285,811)
Other financing sources (uses):					
Operating transfers in	1,025,678	2,786,022		6,832,613	10,644,313
Operating transfers out	(6,905,565)	(1,600,000)		(2,090,901)	(10,596,466)
Total other financing sources (uses)	(5,879,887)	1,186,022		4,741,712	47,847
Net change in fund balances	(20,845,418)	(32,883,148)	(3,295,472)	(213,926)	(57,237,964)
Fund balances, July 1, 2009	78,864,179	54,130,390	21,667,684	16,962,136	171,624,389
Fund balances, June 30, 2010	$ 58,018,761	$ 21,247,242	$ 18,372,212	$ 16,748,210	$ 114,386,425

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

Net change in fund balances - Total Governmental Funds		$ (57,237,964)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	$ 38,202,433	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(14,039,446)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 6).	15,251,759	
Debt issue premiums are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 6).	215,657	
Accreted interest on capital appreciation bonds is recognized in the period it is incurred. In governmental funds it is only recognized when it is due (Note 6).	(1,279,144)	
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	290,718	
Activities of the internal service fund are reported with governmental activities.	(5,595,281)	
In the statement of activities, expenses related to retiree benefits and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	(1,310,070)	31,736,626
Change in net assets of governmental activities		$ (25,501,338)

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

June 30, 2010

ASSETS	
Cash in County Treasury	$ 16,782,875
Accounts receivable	57,379
Prepaid expenditures	725,883
Due from other funds	4,372,385
Total assets	21,938,522
LIABILITIES	
Current liabilities:	
Accounts payable	90,613
Deferred revenue	804,679
Due to other funds	48,471
Total current liabilities	943,763
Unpaid claims and claim adjustment expenses	6,781,853
Total liabilities	7,725,616
NET ASSETS	
Restricted	$ 14,212,906

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2010

Operating revenues:	
Self-insurance premiums	$ 11,573,927
Other local revenue	527,808
Total operating revenues	12,101,735
Operating expenses:	
Certificated salaries	1,702,172
Classified salaries	1,304,019
Employee benefits	1,043,967
Books and supplies	10,144
Contract services	13,804,034
Total operating expenses	17,864,336
Operating loss	(5,762,601)
Non-operating revenue (expense):	
Interest income	215,167
Interfund transfer out	(47,847)
Total non-operating revenue (expense)	167,320
Change in net assets	(5,595,281)
Total net assets, July 1, 2009	19,808,187
Total net assets, June 30, 2010	$ 14,212,906

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2010

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 7,118,718
Cash received from other local sources	527,808
Cash paid for contract services	(13,812,126)
Cash paid for employee benefits	(1,043,967)
Cash paid for salaries	(3,006,191)
Cash paid for other expenses	(10,144)
Net cash used in operating activities	(10,225,902)
Cash flows used in financing activities:	
Transfer to other funds	(47,847)
Cash flows provided by investing activities:	
Interest income received	215,167
Decrease in cash and cash equivalents	(10,058,582)
Cash in County Treasury, July 1, 2009	26,841,457
Cash in County Treasury, June 30, 2010	$ 16,782,875
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (5,762,601)
Adjustments to reconcile operating loss to net cash used in operating activities:	
(Increase) decrease in:	
Accounts receivable	101,170
Amount due from other funds	(4,371,057)
Prepaid expenses	832,645
Decrease in:	
Accounts payable	(257,955)
Deferred revenue	(152,599)
Amount due to other funds	(32,723)
Unpaid claims and claim adjustment expenses	(582,782)
Total adjustments	(4,463,301)
Net cash used in operating activities	$ (10,225,902)

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

June 30, 2010

ASSETS	
Cash in County Treasury (Note 2)	$ 1,930,002
Cash on hand and in banks (Note 2)	2,623
Prepaid expenditures	800
Total assets	1,933,425
LIABILITIES	
Due to student groups	$ 1,933,425

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Juan Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California 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 the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

Reporting Entity

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the San Juan Unified School District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District and Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") have a financial and operational relationship which meet the reporting entity definition criteria of the *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the Corporation as a component unit of the District. Therefore, the financial activities of the Corporation have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100* criteria:

A - Manifestations of Oversight

1. The Corporation's Board of Directors were appointed by the District's Board of Education.

2. The Corporation has no employees. The District's Superintendent and Chief Financial Officer function as agents of the Corporation. Neither individual received additional compensation for work performed in this capacity.

3. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Reporting Entity (Continued)

B - Accounting for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.

2. Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.

3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.

4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

C - Scope of Public Service and Financial Presentation

1. The Corporation was created for the sole purpose of financially assisting the District.

2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation facilities. When the Corporation's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all Corporation property will pass to the District for no additional consideration.

3. The Corporation's financial activity is presented in the financial statements as the Building Fund. Certificates of Participation issued by the Corporation are included in the government-wide financial statements.

Basis of Presentation - Financial Statements

The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense that is specifically identified by function is included in the direct expense of that function. Depreciation expense that cannot be specifically identified by function is considered an indirect expense and is reported separately on the Statement of Activities. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - 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 equity, revenues, and expenditures or expenses, 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's accounts are organized into three broad categories which, in aggregate, include six fund types:

A - Governmental Fund Types

1 - General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2 - Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Charter Schools, Adult Education, Child Development, Cafeteria and Deferred Maintenance Funds.

3 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities by the District. This classification includes the Building, Capital Facilities and County School Facilities Funds.

4 - Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This classification includes the Bond Interest and Redemption Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Proprietary Fund

1 - Self-Insurance Fund:

The Self-Insurance Fund is an internal service fund which is used to account for the District's workers' compensation claims, employee vision and dental benefits.

C - Fiduciary Fund Type

1 - Student Body Fund:

The Student Body Fund is a Fiduciary Fund for which the District acts as an agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Fund.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual

Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting

By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

The District employs budgetary control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information.

Stores Inventory

Stores inventory in the General and Cafeteria Funds consists mainly of consumable supplies held for future use and are valued at actual cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools and offices.

Cafeteria Food Purchases

The Cafeteria Fund statement of revenues and expenditures reflects supplies expense of $5,041,133. Included in this amount is a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Account to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus food commodities.

Capital Assets

Capital assets purchased or acquired, with an original cost of $15,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Compensated Absences

Compensated absences benefits are recorded as a liability of the District. The liability is for the earned but unused benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Sick Leave

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the District since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

Deferred Revenue

Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as deferred revenue until earned.

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, prepaid expenditures, and stores inventory reflect the portion of net assets represented by revolving fund cash, prepaid expenditures, and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues represents the portion of net assets restricted to specific program expenditures. The restriction for capital projects represents the portion of net assets restricted for future capital projects. The restriction for self-insurance represents the amount restricted to pay self-insured claims. The restriction for debt service represents the amount restricted for debt service payments. The restriction for special revenues represents the portion of net assets restricted for special purposes.

Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Sacramento bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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 written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2010 consisted of the following:

	Governmental Activities	Fiduciary Funds
Pooled Funds:		
Cash in County Treasury:		
Unrestricted	$ 62,623,357	
Restricted for workers' compensation claims	16,782,875	
Restricted for Student Body		$ 1,930,002
Deposits:		
Cash in revolving fund	209,606	
Cash on hand and in banks	1,098,965	2,623
Cash with Fiscal Agent:		
Restricted for capital projects and debt repayment	8,458,391	
Deferred compensation	8,932,047	
Cash awaiting deposit	1,245	
Total	$ 98,106,486	$ 1,932,625

2. CASH AND INVESTMENTS (Continued)

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sacramento County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Sacramento County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2010, the Sacramento County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk

Cash balances held in banks and revolving funds are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2010, the carrying amount of the District's accounts was $1,311,194, and the bank balances were $1,320,932. Of the bank balances, $250,000 was covered by the FDIC insurance and $1,070,932 was collateralized.

Cash with Fiscal Agent

Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds.

The District has established a voluntary deferred compensation plan for its employees. The agreements provide for periodic payroll deductions from the participating employees. An amount equal to the reduction in compensation is invested by the District. The employee has no preferential right, title, or claim to the earnings of the assets of the Plan except as a general creditor of the District.

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2010, the District had no significant interest rate risk related to cash and investments held.

2. CASH AND INVESTMENTS (Continued)

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2010, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the General Fund, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2010 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 1,128,707	$ 4,649,268
Building	59,249	21,334
Non-Major Funds:		
Charter Schools	49,644	692,079
Adult Education	223,337	149,591
Child Development	28,135	146,663
Cafeteria	62,908	54,867
Deferred Maintenance		111,862
Capital Facilities		50,000
County School Facilities		230
Self-Insurance Fund	4,372,385	48,471
Totals	$ 5,924,365	$ 5,924,365

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

Interfund transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2009-10 fiscal year were as follows:

Transfer from the General Fund to the Deferred Maintenance Fund for State Deferred Allocations received in the General Fund.	$ 431,675
Transfer from the General Fund to the Building Fund for re-use site fees at Sunrise and Coleman Elementary Schools.	220,799
Transfer from the General Fund to the Charter Schools Fund for Choices Charter School ARRA share and the Visions Charter School ARRA share.	235,775
Transfer from the General Fund to the Adult Education Fund for adult education apportionment.	4,517,316
Transfer from the General Fund to the Building Fund for the San Juan High School construction contribution.	1,500,000
Transfer from the Charter School Fund to the Building Fund for Choices Charter facility lease payment.	253,501
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	22,909
Transfer from the Adult Education Fund to the Building Fund for re-use site fees at Sunrise Elementary School.	184,654
Transfer from the Adult Education Fund to the General Fund for indirect costs.	149,301
Transfer from the Adult Education Fund to the General Fund for co-enrollment costs - El Sereno.	75,000
Transfer from the Child Development Fund to the General Fund for indirect costs.	457,527
Transfer from the Child Development Fund to the Building Fund for custodial charges due to closed sites.	27,068
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	320,941
Transfer form the Deferred Maintenance Fund to the Measure J Building Fund for the San Juan High School construction contribution.	600,000
Transfer from the Building Fund to the Deferred Maintenance Fund for the required matching funds.	1,600,000
Transfer from the Self-Insurance Fund to the Charter Schools Fund for retiree health and welfare payroll taxes.	47,847
	$ 10,644,313

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2010 is shown below:

	Balance July 1, 2009	Transfers and Additions	Transfers and Deductions	Balance June 30, 2010
Non-depreciable:				
Land	$ 6,366,894			$ 6,366,894
Work-in-process	49,536,325	$ 32,158,482	$ (14,947,061)	66,747,746
Depreciable:				
Buildings	352,004,327	10,488,802		362,493,129
Improvement of sites	18,196,603	10,192,942		28,389,545
Equipment	21,756,020	309,268		22,065,288
Totals, at cost	447,860,169	53,149,494	(14,947,061)	486,062,602
Less accumulated depreciation:				
Buildings	(93,387,688)	(12,085,195)		(105,472,883)
Improvement of sites	(1,806,309)	(1,013,137)		(2,819,446)
Equipment	(16,401,264)	(941,114)		(17,342,378)
Total accumulated depreciation	(111,595,261)	(14,039,446)		(125,634,707)
Governmental activities capital assets, net	$ 336,264,908	$ 39,110,048	$ (14,947,061)	$ 360,427,895

Depreciation expense was charged to governmental activities for the year ended June 30, 2010 as follows:

Home-to-school transportation	$ 510,208
Food services	26,633
Pupil services	8,149
All other general administration	52,227
Data processing	154,018
Plant services	364,698
Unallocated	12,923,513
Total depreciation expense	$ 14,039,446

5. SELF-INSURANCE

The District has established a self-insurance fund to account for the risk of loss for workers' compensation, employee vision benefits and employee dental benefits.

5. SELF-INSURANCE (Continued)

The Self-Insurance Fund provides coverage up to statutory limits for each workers' compensation claim. Beginning July 1, 1996 up to June 30, 2001 the District was fully insured for workers' compensation losses with Firemans' Fund. On July 1, 2001, the District returned to a self-insured program. This program provides coverage up to $750,000 per occurrence. The District has coverage for claims in excess of this amount through Safety National Casualty Corporation. All other benefits covered by the Self-Insurance Fund are fully insured with no excess coverage purchased.

The workers' compensation claims liability of $6,439,405 is based on an actuarial estimate discounted at 2.5%. Changes in the Fund's claims liability for the year ended June 30, 2010 were as follows:

	Workers' Compen-sation	Dental	Vision	Total
Claims liability at July 1, 2008	$ 7,358,456	$ 275,280	$ 13,893	$ 7,647,629
Incurred claims	1,266,162	4,734,557	451,076	6,451,795
Claim payments	(1,524,258)	(4,756,547)	(453,984)	(6,734,789)
Claims liability at July 1, 2009	7,100,360	253,290	10,985	7,364,635
Incurred claims	827,779	4,969,078	422,272	6,219,129
Claim payments	(1,488,734)	(4,893,953)	(419,224)	(6,801,911)
Claims liability at June 30, 2010	$ 6,439,405	$ 328,415	$ 14,033	$ 6,781,853

6. LONG-TERM LIABILITIES

General Obligation Bonds

On August 1, 1999, the District issued General Obligation Bonds (Series 1999) totaling $27,500,197. These serial bonds with interest rates from 4.38% to 5.70% mature in varying amounts through August 2024.

The annual payments required to amortize the 1999 General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021-2025	$ 2,510,198	$ 6,584,803	$ 9,095,001

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

On August 1, 2000, the District issued General Obligation Bonds (Series 2000) in the amount of $41,997,786 to renovate, construct and modernize classrooms and school facilities within the District. The bonds mature during succeeding years through August 2025. The bonds were issued at varying interest rates from 4.375% to 6.250%.

The annual payments required to amortize the 2000 General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 1,525,000	$ 1,814,411	$ 3,339,411
2012			
2013			
2014			
2015			
2016-2020			
2021-2025	1,678,512	4,551,489	6,230,001
2026	369,274	1,225,726	1,595,000
	$ 3,572,786	$ 7,591,626	$ 11,164,412

On August 1, 2002, the District issued General Obligation Bonds (Series 2001A and 2001B) in the amount of $46,997,897. These bonds mature during succeeding years through August 2026, and were issued at varying interest rates from 4.200% to 5.125%.

The annual payments required to amortize the 2001A and 2001B General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 2,290,000	$ 255,858	$ 2,545,858
2012	1,502,312	883,311	2,385,623
2013	1,515,749	1,068,544	2,584,293
2014	1,437,695	1,147,848	2,585,543
2015	1,405,876	1,380,666	2,786,542
2016-2020	7,942,382	9,525,679	17,468,061
2021-2025	14,004,062	30,284,188	44,288,250
2026-2027	5,859,818	17,250,182	23,110,000
	$ 35,957,894	$ 61,796,276	$ 97,754,170

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

On July 31, 2003, the District issued General Obligation Bonds (Series 2003A and 2003B) in the amount of $40,504,105 to build, acquire, construct and furnish school facilities. The bonds mature during succeeding years through August 2028. The bonds were issued at varying interest rates from 1% to 5.8%.

The annual payments required to amortize the 2003A and 2003B General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 977,607	$ 923,356	$ 1,900,963
2012	1,361,870	953,718	2,315,588
2013	1,372,725	1,015,863	2,388,588
2014	1,387,042	1,076,746	2,463,788
2015	1,386,736	1,146,127	2,532,863
2016-2020	7,071,835	6,840,927	13,912,762
2021-2025	7,082,409	8,174,798	15,257,207
2026-2029	15,769,363	36,409,027	52,178,390
	$ 36,409,587	$ 56,540,562	$ 92,950,149

On July 31, 2003, the District issued General Obligation Bonds (Series 2003) in the amount of $46,000,000 to build, acquire, construct and furnish school facilities. The bonds mature in August 2028. The bonds were issued at varying interest rates from 1% to 4.78%.

The annual payments required to amortize the 2003 General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 470,000	$ 1,329,975	$ 1,799,975
2012	535,000	1,311,175	1,846,175
2013	610,000	1,289,775	1,899,775
2014	685,000	1,263,850	1,948,850
2015	770,000	1,234,738	2,004,738
2016-2020	5,325,000	5,546,089	10,871,089
2021-2025	8,600,000	3,872,063	12,472,063
2026-2029	10,010,000	1,301,250	11,311,250
	$ 27,005,000	$ 17,148,915	$ 44,153,915

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

On August 12, 2004, the District issued General Obligation Bonds consisting of current interest bonds totaling $67,205,000 and capital appreciation bonds totaling $1,794,931. The interest rates vary on the current interest bonds from 2% to 5% and mature through August 2027. The capital appreciation bonds carry interest rates of 5.52% and 5.53% and mature in August 2028 and 2029.

The annual payments required to amortize the 2004 General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 1,680,000	$ 2,272,950	$ 3,952,950
2012	1,765,000	2,188,950	3,953,950
2013	1,855,000	2,100,700	3,955,700
2014	1,930,000	2,026,500	3,956,500
2015	2,025,000	1,930,000	3,955,000
2016-2020	11,350,000	8,148,500	19,498,500
2021-2025	14,840,000	5,001,000	19,841,000
2026-2030	12,604,932	7,238,568	19,843,500
	$ 48,049,932	$ 30,907,168	$ 78,957,100

On June 7, 2007, the District issued General Obligation Bonds (Refunding Series 2007) in the amount of $49,930,000 to refund a portion of the District's outstanding General Obligation Bonds Series 1999 and Series 2000. The bonds refunded from Series 1999 was $14,935,000 and the amount refunded from Series 2000 was $31,680,000. These amounts have been removed from long-term liabilities. The bonds mature during succeeding years through August 2020. The bonds were issued at an interest rate of 4%.

The annual payments required to amortize the 2007 Refunding General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 1,400,000	$ 1,933,400	$ 3,333,400
2012	3,160,000	1,877,400	5,037,400
2013	3,455,000	1,751,000	5,206,000
2014	3,975,000	1,612,800	5,587,800
2015	4,340,000	1,453,800	5,793,800
2016-2020	27,860,000	4,280,000	32,140,000
2021	4,145,000	165,800	4,310,800
	$ 48,335,000	$ 13,074,200	$ 61,409,200

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

On August 5, 2007, the District issued General Obligation Bonds (Series 2007) in the amount of $70,000,000. These bonds mature during succeeding years through August 2031, and were issued at varying interest rates from 4.25% to 5.00%.

The annual payments required to amortize the 2007 General Obligation Bonds outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	$ 1,300,000	$ 2,755,225	$ 4,055,225
2012	1,350,000	2,699,975	4,049,975
2013	1,550,000	2,642,600	4,192,600
2014	1,675,000	2,576,725	4,251,725
2015	1,935,000	2,505,538	4,440,538
2016-2020	11,150,000	11,159,325	22,309,325
2021-2025	13,635,000	8,175,000	21,810,000
2026-2030	16,595,000	4,481,750	21,076,750
2031-2032	7,710,000	583,000	8,293,000
	$ 56,900,000	$ 37,579,138	$ 94,479,138

Qualified Zone Academy Bonds

On February 19, 2008, the District issued two Qualified Zone Academy Bonds (QZAB) in the amount of $1,009,312 and $1,435,580. These bonds mature through 2016 and 2020, respectively, with an interest rate of 1%.

The following is a schedule of the future payments for the 2008 QZAB:

Year Ended June 30,	Principal	Interest	Total
2011	$ 239,716	$ 19,726	$ 259,442
2012	242,120	17,328	259,448
2013	244,547	14,907	259,454
2014	246,998	12,462	259,460
2015	249,475	9,992	259,467
2016-2020	749,717	20,003	769,720
	$ 1,972,573	$ 94,418	$ 2,066,991

6. LONG-TERM LIABILITIES (Continued)

Capitalized Lease Obligations

The District leases equipment under long-term lease purchase agreements. A summary of future minimum lease payments is as follows:

Year Ending June 30,	Total
2011	$ 27,609
Less interest portion	(914)
Net minimum lease payments	$ 26,695

Other Leases

All other leases of the District are treated as operating leases and are subject to annual appropriations and recorded as expenditures when paid.

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2010 is shown below:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Amounts Due Within One Year
General Obligation Bonds	$ 273,716,182		$ 14,975,784	$ 258,740,398	$ 9,642,607
Accreted interest	30,730,672	$ 1,279,144		32,009,816	
Premium on Issuance of General Obligation Bonds	4,604,586		215,657	4,388,929	215,657
Capitalized lease obligations	65,332		38,637	26,695	26,695
Qualified Zone Academy Bonds	2,209,911		237,338	1,972,573	239,716
Other Postemployment Benefits (Note 9)	3,667,614	7,181,192	6,150,425	4,698,381	
Compensated absences	2,745,651	279,303		3,024,954	3,024,954
Totals	$ 317,739,948	$ 8,739,639	$ 21,617,841	$ 304,861,746	$ 13,149,629

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the capitalized lease obligations and Qualified Zone Academy Bonds are made from the General and Building Funds. Payments for Other Postemployment Benefits and compensated absences are made from the fund for which the related employee worked.

7. RESTRICTED NET ASSETS

Restricted net assets consisted of the following at June 30, 2010:

	Governmental Activities
Revolving cash fund	$ 209,606
Prepaid expenditures	1,495,854
Stores inventory	421,106
Unspent categorical program revenues	14,037,377
Capital projects	14,542,297
Self-insurance	13,487,023
Debt service	18,372,212
Special revenues	14,272,346
	$ 76,837,821

8. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-2010 was 9.709% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2008, 2009 and 2010 were $6,233,406, $6,929,903 and $6,943,238, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2009-2010 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2008, 2009 and 2010 were $15,707,165, $16,648,226 and $15,934,585, respectively, and equal 100% of the required contributions for each year.

9. OTHER POSTEMPLOYMENT BENEFITS

Postemployment Healthcare Plan - District

Plan Description

The District provides post-employment health care benefits to all certificated and management employees who are eligible to retire with STRS or PERS and have completed a minimum of 5 years of employment with the District. Health care benefits are provided for supervisory employees who are eligible to retire with STRS or PERS and have completed a minimum of 10 years of employment with the District. Health care benefits are provided to general and transportation employees, who have reached the age of 55, are eligible to retire with STRS or PERS and have completed a minimum of 10 years of employment with the District.

Health care benefits are provided to these employees until they have attained the age of 65. For the year ended June 30, 2010, 656 retirees received health and dental benefits and 90 retirees received dental benefits only and three retirees received medical benefits only. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2010, expenditures of $6,130,279 were recognized for post-employment health care benefits in the Self Insurance Fund.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board. For the fiscal year ended June 30, 2010, the District contributed only for pay-as-you-go in the amount of $6,130,279.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Postemployment Healthcare Plan - District (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ 7,521,179
Interest on net OPEB obligation	99,994
Adjustment to annual required contribution	(87,714)
Annual OPEB cost (expense)	7,533,459
Contributions made	(6,130,279)
Increase in net OPEB obligation	1,403,180
Net OPEB obligation - beginning of year	3,667,614
Net OPEB obligation - end of year	$ 5,070,794

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2008	$ 7,402,912	69.6%	$ 2,248,732
June 30, 2009	$ 7,533,459	81.2%	$ 3,667,614
June 30, 2010	$ 7,533,459	81.4%	$ 5,070,794

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Postemployment Healthcare Plan - District (Continued)

Funded Status and Funding Progress

As of March 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $74.7 million, all of which is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $250.0 million, and the ratio of the UAAL to the covered payroll was 29.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially. An inflation rate of 3.25% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 29 years.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Postemployment Healthcare Plan - Charter Schools

Plan Description

The dependent charter schools, Visions In Education and Choices Charter, provide post-employment health care benefits to all certificated management and classified management employees who are eligible to retire with STRS or PERS and have completed a minimum of 5 years of employment with the district or charter school. No employees were receiving health care benefits. Health care benefits are provided to individually designated Choices Charter clerical employees on a legacy basis who are eligible to retire with STRS or PERS and have completed a minimum of 5 years of employment with the district or charter school. If a retired Charter employee becomes entitled to other medical or dental benefits as a primary beneficiary, the District/Visions/Choices shall be relieved from any and all payments under this section.

Health care benefits are provided to these employees until they have attained the age of 65. For the year ended June 30, 2010, 4 retirees received health and dental benefits. Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2010, expenditures were recognized for post-employment health care benefits in the sponsoring district's Self Insurance Fund.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements and an amount to fund the actuarial accrued liability as determined by the actuarial report. For the fiscal year ended June 30, 2010, the Charter Schools had 4 retirees and did not make any contributions to an irrevocable trust.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Postemployment Healthcare Plan - Charter Schools (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Charter Schools' annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Charter Schools' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Charter Schools' net OPEB obligation:

Annual required contribution	$ 21,313
Interest on net OPEB obligation	1,199
Adjustment to annual required contribution	(374,779)
Annual OPEB cost (expense)	(352,267)
Contributions made	(20,146)
Increase in net OPEB obligation	(372,413)
Net OPEB obligation - beginning of year	-
Net OPEB obligation (asset) - end of year	$ (372,413)

The Charter Schools' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010 is as follows:

Fiscal Year Ended	Annual OBEB Cost (Expense)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2008	$ 26,638	0.0%	$ 26,638
June 30, 2009	$ 21,461	1965.5%	$ (373,728)
June 30, 2010	$ 22,512	89.5%	$ (372,413)

Funded Status and Funding Progress

As of March 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $96,758, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $96,758. The covered payroll (annual payroll of active employees covered by the plan) was $1,861,678, and the ratio of the UAAL to the covered payroll was 5 percent.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Postemployment Healthcare Plan - Charter Schools (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 1, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5 percent initially. An inflation rate of 3.25% was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 29 years.

10. JOINT POWERS AGREEMENT

The District is a member with other school districts of a Joint Powers Authority (JPA), Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. The following is a summary of financial information for Schools Insurance Authority at June 30, 2009 (the most recent information available):

Total assets	$ 92,203,291
Total liabilities	$ 38,840,443
Net assets	$ 53,362,848
Total revenues	$ 46,240,554
Total expenses	$ 34,868,772

10. JOINT POWERS AGREEMENT (Continued)

Each member of the JPA has an ongoing financial responsibility in the event of the JPA's total liabilities exceed its total assets.

The relationship between San Juan Unified School District and the Joint Powers Authority is such that it is not a component unit of the District for financial reporting purposes. Financial statements for the JPA are available from Schools Insurance Authority.

11. CHARTER SCHOOLS

San Juan Unified School District operates Choices Charter School and Visions in Education Charter School pursuant to Education Code Section 47605. The financial activities of these charter schools are presented in the Charter Schools Fund. The District also chartered Options for Youth Charter School, California Montessori Project and Golden Valley Charter School of Sacramento. The financial activities for these charter schools are reported in separate financial statements.

12. CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received state and federal funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

13. SUBSEQUENT EVENTS

The District has reviewed all events occurring from June 30, 2010 through December 7, 2010, the date the financial statements were issued. No subsequent events occurred requiring accrual or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

SAN JUAN UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2010

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	$ 123,823,113	$ 120,908,141	$ 120,908,141	
Local sources	75,966,558	78,284,418	78,284,418	
Total revenue limit	199,789,671	199,192,559	199,192,559	
Federal sources	37,447,823	48,000,995	36,587,357	$ (11,413,638)
Other state sources	84,989,602	81,647,669	89,815,498	8,167,829
Other local sources	6,826,047	12,149,694	10,190,212	(1,959,482)
Total revenues	329,053,143	340,990,917	335,785,626	(5,205,291)
Expenditures:				
Certificated salaries	175,001,943	173,931,538	173,613,465	318,073
Classified salaries	64,158,670	61,303,014	60,759,379	543,635
Employee benefits	69,845,751	68,211,477	68,133,519	77,958
Books and supplies	20,377,122	31,967,696	15,747,023	16,220,673
Contract services and operating expenditures	36,170,606	36,134,065	31,223,972	4,910,093
Capital outlay	227,682	406,141	86,898	319,243
Other outgo	286,900	1,012,959	1,012,959	
Debt service:				
Principal retirement		123,025	161,662	(38,637)
Interest		8,875	12,280	(3,405)
Total expenditures	366,068,674	373,098,790	350,751,157	22,347,633
Deficiency of revenues under expenditures	(37,015,531)	(32,107,873)	(14,965,531)	17,142,342
Other financing sources (uses):				
Operating transfers in	1,004,919	1,043,504	1,025,678	(17,826)
Operating transfers out	(5,592,711)	(6,905,565)	(6,905,565)	
Total other financing sources (uses)	(2,536,436)	(5,862,061)	(5,879,887)	(17,826)
Net change in fund balance	(39,551,967)	(37,969,934)	(20,845,418)	17,124,516
Fund balance, July 1, 2009	78,864,179	78,864,179	78,864,179	
Fund balance, June 30, 2010	$ 39,312,212	$ 40,894,245	$ 58,018,761	$ 17,124,516

The accompanying notes are an integral part of these financial statements.

SAN JUAN UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS

For the Year Ended June 30, 2010

Schedule of Funding Progress - District

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2008	March 1, 2007	$ -	$63.9 million	$63.9 million	0%	$243 million	26.3%
6/30/2009	March 1, 2009	$ -	$74.7 million	$74.7 million	0%	$250 million	29.9%
6/30/2010	March 1, 2009	$ -	$74.7 million	$74.7 million	0%	$250 million	29.9%

Schedule of Funding Progress - Charter Schools

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2008	March 1, 2007	$ -	$ 196,577	$ 196,577	0%	$ 2,013,679	9.8%
6/30/2009	March 1, 2009	$ -	$ 96,758	$ 96,758	0%	$ 1,903,621	5%
6/30/2010	March 1, 2009	$ -	$ 96,758	$ 96,758	0%	$ 1,861,678	5%

The accompanying notes are an integral part of these financial statements.

APPENDIX B

Form of Continuing Disclosure Certificate

$________________

SAN JUAN UNIFIED SCHOOL DISTRICT
SACRAMENTO COUNTY, CALIFORNIA
2010-2011 TAX AND REVENUE ANTICIPATION NOTES

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the San Juan Unified School District (the "District") in connection with the issuance of $_________ aggregate principal amount of its San Juan Unified School District, Sacramento County, California, 2010-2011 Tax and Revenue Anticipation Notes (the "Notes") issued pursuant to a resolution authorizing the issuance of the Notes adopted by the Board of Supervisors of Sacramento County on March 22, 2011 (the "Resolution"), and in connection therewith the District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. The Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Underwriter of the Notes in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Resolution, which apply to any capitalized term used in the Disclosure Certificate unless otherwise defined in this section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person that (a) has or shares the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Note or Notes (including persons holding Notes through nominees or depositories), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Holders" shall mean either the registered owners of the Notes, or, if the Notes are registered in the name of The Depository Trust Company or another recognized depository, any Beneficial Owner or applicable participant in its depository system.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Repository" shall mean MSRB or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Significant Event" means any of the events listed in subsection (a) of Section 3 (Reporting of Significant Events) of this Disclosure Certificate.

"Underwriter" shall mean ____________________, and any other original underwriters of the Notes, if any, required to comply with the Rule in connection with offering of the Notes.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this section, the District shall give notice of the occurrence of any of the following events with respect to the Notes:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB);

(7) unless described in Section 3(a)(6) above, adverse tax opinions, material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;

(8) modifications to rights of security holders, if material;

(9) optional, contingent or unscheduled bond calls, if material;

(10) tender offers;

(11) defeasances;

(12) release, substitution, or sale of property securing repayment of the securities, if material;

(13) rating changes;

(14) bankruptcy, insolvency, receivership or similar event of the obligated person;

(15) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(16) appointment of a successor or additional trustee or paying agent, or the change of name of a trustee or paying agent, if material.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, and, if the Significant Event is described in subsections (a)(2), (a)(7), (a)(8), (a)(9), (a)(12), (a)(15) or (a)(16) above, and the District determines that knowledge of the occurrence of a Significant Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to file a notice of such occurrence with the Repository, in an electronic format as prescribed by the Repository, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event.

SECTION 4. Filings with the Repository. All documents provided to the Repository under this Disclosure Certificate shall be filed in a readable PDF or other electronic format as prescribed by the Repository and shall be accompanied by identifying information as prescribed by the Repository.

SECTION 5. Termination of Reporting Obligation. The District's obligations under the Disclosure Certificate shall terminate upon the defeasance, prior redemption, or payment in full of all of the Notes.

SECTION 6. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in the Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Significant Event, in addition to that which is required by the Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Significant Event in addition to that which is specifically required by the Disclosure Certificate, the District shall have no obligation under the Disclosure Certificate to update such information or include it in any future notice of occurrence of a Significant Event.

SECTION 7. Nonliability of County. Notwithstanding anything to the contrary contained in the Resolution, in the Notes or in any other document mentioned herein, neither the County of Sacramento (the "County") nor the Board of Supervisors of the County shall have any liability in connection with the transactions contemplated thereby and the Notes shall be payable solely from the moneys of the District available therefore as set forth in the Resolution. The District has agreed to indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees (the "Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject, because of action or inaction related to the Notes. The District has also agreed to reimburse the Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

SECTION 8. Default. In the event of a failure of the District to comply with any provision of the Disclosure Certificate, the Underwriter or any Holder of Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate; provided, that the sole remedy under the Disclosure Certificate in the event of any failure of the District to comply with the Disclosure Certificate shall be an action to compel performance hereunder.

SECTION 9. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the District, the Underwriter, the Beneficial Owners and the Holders, and shall create no rights in any other person or entity.

SECTION 10. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

SECTION 11. State of California Law Governs. The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California.

Dated: _____________, 2011

SAN JUAN UNIFIED SCHOOL DISTRICT

By: ____
Michael Dencavage, Chief Financial Officer

APPENDIX C

Form of Opinion of Bond Counsel

[close date]

Board of Education
San Juan Unified School District
3738 Walnut Avenue
Carmichael, California 95608

Re: $___________________
San Juan Unified School District
Sacramento County, California
2010-2011 Tax and Revenue Anticipation Notes

Dear Board Members:

We have acted as bond counsel to the San Juan Unified School District (the "District") in connection with the issuance by the Board of Supervisors of Sacramento County (the "Board of Supervisors") of $____________ principal amount of the San Juan Unified School District, Sacramento County, California, 2010-2011 Tax and Revenue Anticipation Notes, dated ____________, 2011 (the "Notes"), pursuant to Article 7.6 (commencing with Section 53850), Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, pursuant to the provisions of Resolution No. 2561 adopted by the District on March 8, 2011 (the "District Resolution"), and Resolution No. 2561 adopted by the Board of Supervisors of the County on March 22, 2011 (the "County Resolution") (the County Resolution and the District Resolution being referred to collectively as the "Note Resolution"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon the representations of the District contained in the District Resolution, the representations of the Board of Supervisors contained in the County Resolution, the representations of Sacramento County and District officials, and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The District is duly created and validly existing as a school district with the power to request the Board of Supervisors to issue the Notes on its behalf, and the power to perform its obligations under the District Resolution.

2. The County Resolution has been duly adopted by the Board of Supervisors and the District Resolution has been duly adopted by the District. The Note Resolution creates a valid first lien on the funds pledged under the Note Resolution for the security of the Notes.

3. The Notes have been duly authorized, executed and delivered by the Board of Supervisors and are valid and binding general obligations of the District enforceable in accordance with their terms.

4. Interest on the Notes is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

5. Interest on the Notes is exempt from State of California personal income taxes.

The rights of the holders of the Notes and the enforceability of the Notes, the District Resolution, and the County Resolution are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

APPENDIX D

General Fund Cash Flow Statement

SAN JUAN UNIFIED SCHOOL DISTRICT
2010 Tax and Revenue Anticipation Notes

2009-2010 General Fund Actual Cashflow

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	$52,075,329	$83,623,522	$77,048,850	$58,923,229	$60,986,297	$43,219,406	$40,250,165	$77,194,098	$56,716,773	$43,919,664	$36,085,553	$49,574,834	$52,075,329
Receipts:													
Revenue Limit	22,064,819	3,577,055	(9,133,859)	14,791,829	5,518,185	16,064,755	58,062,225	4,795,644	11,522,393	8,028,551	36,736,067	27,164,900	199,192,564
Federal Sources	5,753,722	4,040,678	(5,008,139)	3,133,864	4,458,800	3,559,633	363,075	576,148	1,103,941	8,671,554	4,183,902	5,750,181	36,587,359
Other State Sources	14,419,669	1,101,810	(11,848,382)	15,570,696	3,342,148	10,308,095	10,475,642	5,361,879	6,084,806	4,855,857	3,162,968	18,915,203	81,750,391
Local Sources	859,757	277,798	(722,010)	1,101,703	1,403,898	688,747	824,977	341,548	493,635	903,618	555,522	3,461,022	10,190,215
Transfers In/Other Sources	0	0	0	0	0	75,000	0	0	0	0	0	0	75,000
Other Receipts	0	0	12,000	(12,000)	0	0	0	0	0	0	0	0	0
2009 TRAN Deposit	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Receipts	$43,097,967	$8,997,341	-$26,700,390	$34,586,092	$14,723,031	$30,696,230	$69,725,919	$11,075,219	$19,204,775	$22,459,580	$44,638,459	$55,291,306	$327,795,529
Disbursements:													
Salaries and Benefits	5,273,931	10,712,517	28,443,129	28,597,283	28,445,169	29,043,126	28,337,785	28,261,510	28,637,381	28,693,745	28,407,825	29,652,963	302,506,364
Supplies and Services	1,484,809	3,925,517	4,934,219	3,838,655	4,602,217	3,890,196	5,170,531	1,836,782	4,494,815	2,552,331	3,979,676	6,303,293	47,013,041
Capital Outlay	0	0	16,128	45,662	3,288	0	21,821	0	0	0	0	0	86,899
Other Outgo	0	65,766	(179)	(133)	(35,971)	(107)	(122,901)	703,134	(132,438)	211,091	(143,266)	(350,813)	194,183
Transfers Out	0	0	0	0	235,775	0	4,777	1,500,000	0	0	0	5,165,013	6,905,565
2009 TRAN Payment Pledge	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Disbursements	$6,758,740	$14,703,800	$33,393,297	$32,481,467	$33,250,478	$32,933,215	$33,412,013	$32,301,426	$32,999,758	$31,457,167	$32,244,235	$40,770,456	$356,706,052
Prior Year Transactions	(4,791,034)	(868,213)	41,968,066	(41,557)	760,556	(732,256)	630,027	748,882	997,874	1,163,476	1,095,057	(44,728,909)	(3,798,031)
Net Increase/Decrease	31,548,193	(6,574,672)	(18,125,621)	2,063,068	(17,766,891)	(2,969,241)	36,943,933	(20,477,325)	(12,797,109)	(7,834,111)	13,489,281	(30,208,059)	(32,708,554)
Ending Balance	$83,623,522	$77,048,850	$58,923,229	$60,986,297	$43,219,406	$40,250,165	$77,194,098	$56,716,773	$43,919,664	$36,085,553	$49,574,834	$19,366,775	$19,366,775

SAN JUAN UNIFIED SCHOOL DISTRICT
2010 Tax and Revenue Anticipation Notes

2010-2011 General Fund Projected Cashflow

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	$19,366,775	$32,352,250	$42,419,395	$37,562,524	$26,319,367	$26,315,171	$35,604,272	$73,646,429	$57,015,578	$29,268,080	$33,855,562	$78,507,137	$19,366,775
Receipts:													
Revenue Limit	14,488,253	14,296,117	(12,698,408)	16,200,380	9,385,013	25,548,221	55,694,890	5,389,169	(119,017)	18,386,221	28,916,341	(5,652,155)	169,835,024
Federal Sources	2,581,620	2,795,933	5,166,771	(331,121)	4,882,059	3,806,508	611,608	518,898	1,058,203	7,973,546	3,719,213	5,197,440	37,980,678
Other State Sources	6,696,371	4,156,588	(10,861,161)	5,738,671	16,328,470	11,642,439	9,082,666	6,643,015	3,495,782	8,386,969	4,179,110	3,433,613	68,922,533
Local Sources	1,079,668	572,755	(931,846)	729,200	1,205,979	773,382	825,856	248,861	414,298	692,251	431,320	2,776,558	8,818,282
Transfers In/Other Sources	0	0	0	0	0	0	0	1,500,000	0	0	0	64,177	1,564,177
Other Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0
2010 TRAN Deposit	0	0	0	0	0	0	0	0	0	0	39,200,000	0	39,200,000
Total Receipts	$24,845,912	$21,821,393	-$19,324,644	$22,337,130	$31,801,521	$41,770,550	$66,215,020	$14,299,943	$4,849,266	$35,438,987	$76,445,984	$5,819,633	$326,320,694
Disbursements:													
Salaries and Benefits	5,384,809	9,035,278	28,120,974	27,966,314	28,324,906	28,748,293	28,058,867	27,997,370	28,360,822	28,416,386	28,138,007	29,280,131	297,832,157
Supplies and Services	354,993	2,782,945	4,060,360	5,889,998	4,620,055	4,394,085	1,122,412	2,293,908	5,273,732	3,136,748	4,742,487	7,770,652	46,442,375
Capital Outlay	0	150	0	230,780	0	279,337	0	0	0	0	0	0	510,267
Other Outgo	0	0	65,796	(56,054)	(58,270)	0	358,325	1,109,872	(209,049)	333,200	(226,140)	(1,011,169)	306,511
Transfers Out	0	0	0	0	60,650	0	30,584	182,904	0	0	0	567,901	842,039
Other Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0
2010 TRAN Payment Pledge	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Disbursements	$5,739,802	$11,818,373	$32,247,130	$34,031,038	$32,947,341	$33,421,715	$29,570,188	$31,584,054	$33,425,505	$31,886,334	$32,654,354	$36,607,515	$345,933,349
Prior Year Transactions	(6,120,635)	64,125	46,714,903	450,751	1,141,624	940,266	1,397,325	653,260	828,741	1,034,829	859,946	(46,650,610)	1,314,525
Net Increase/Decrease	12,985,475	10,067,145	(4,856,871)	(11,243,157)	(4,196)	9,289,101	38,042,157	(16,630,851)	(27,747,498)	4,587,482	44,651,576	(77,438,492)	(18,298,130)
Ending Balance	$32,352,250	$42,419,395	$37,562,524	$26,319,367	$26,315,171	$35,604,272	$73,646,429	$57,015,578	$29,268,080	$33,855,562	$78,507,137	$1,068,645	$1,068,645

SAN JUAN UNIFIED SCHOOL DISTRICT
2010 Tax and Revenue Anticipation Notes

2011-2012 General Fund Projected Cashflow Through Note Repayment

	July	August	September	October	Total
Beginning Cash	$1,068,645	$69,116,484	$59,538,342	$16,851,668	$1,068,645
Receipts:					
Revenue Limit	697,843	7,012,507	6,886,545	12,342,759	26,939,654
Federal Sources	2,105,952	2,280,777	3,740,507	(261,413)	7,865,823
Other State Sources	1,518,584	1,920,887	(1,289,505)	6,890,870	9,040,836
Local Sources	990,753	509,327	(907,550)	632,224	1,224,754
Transfers In/Other Sources	0	0	0	0	0
Other Receipts	0	0	0	0	0
Total Receipts	5,313,132	11,723,498	8,429,997	19,604,440	45,071,067
Disbursements:					
Salaries and Benefits	5,142,593	8,622,207	26,565,138	26,416,311	66,746,249
Supplies and Services	291,806	2,287,327	3,337,137	4,841,271	10,757,541
Capital Outlay	0	138	0	212,391	212,529
Other Outgo	0	0	(131,110)	111,697	(19,413)
Transfers Out	0	0	0	0	0
Other Disbursements	0	0	0	0	0
2010 TRAN Payment Pledge	0	19,500,000	19,742,667	0	39,242,667
Total Disbursements	5,434,399	30,409,672	49,513,832	31,581,670	116,939,573
Prior Year Transactions	38,169,106	9,108,032	(1,602,839)	427,090	46,101,389
Other Sources	30,000,000	0	0	0	30,000,000
Net Increase/Decrease	68,047,839	(9,578,142)	(42,686,674)	(11,550,140)	4,232,883
Ending Balance	$69,116,484	$59,538,342	$16,851,668	$5,301,528	$5,301,528