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Sacramento City Unified School District Audit Results for the year ended June 30, 2020

April 22, 2021

Background on Crowe LLP

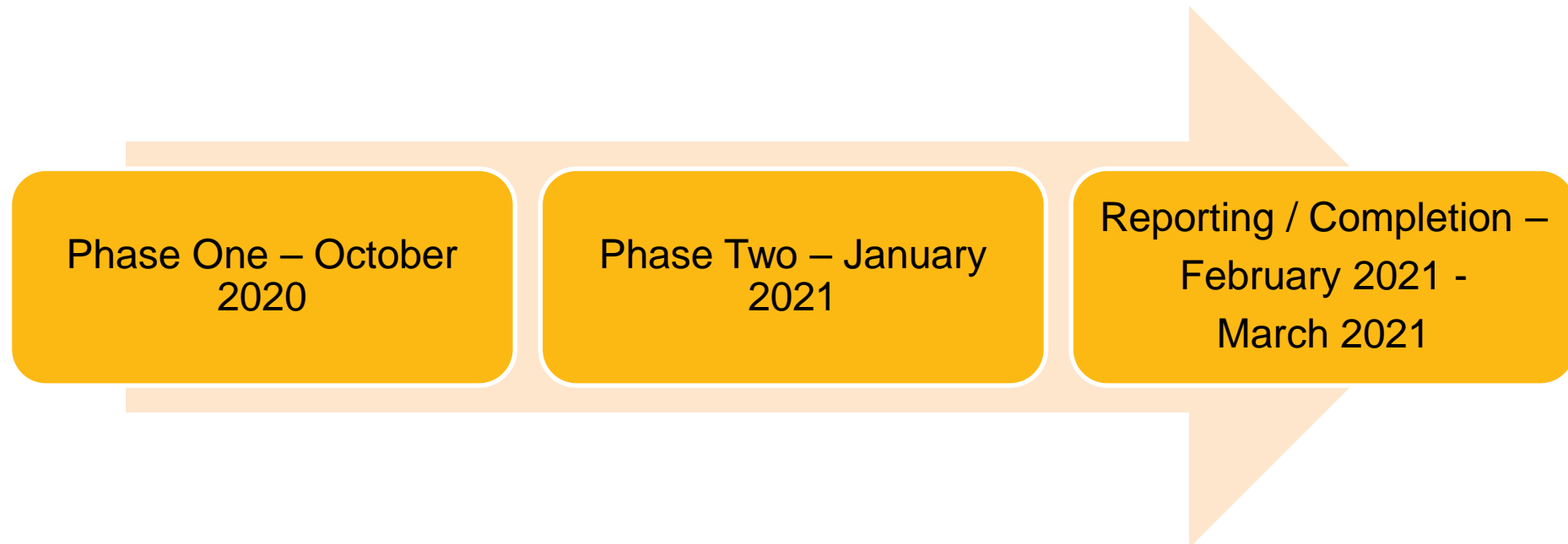
- Crowe LLP is an international accounting and advisory firm
- Currently the 9th largest accounting firm in the United States
- Crowe LLP has served California K-12 school districts for over 30 years:
 - Currently audit:
 - 3 of the 5 largest districts in California
 - 7 of the 20 largest districts in California
- Crowe LLP is independent of Sacramento City Unified School District

Crowe LLP Engagement Team

- Jeff Jensen, Engagement Lead Partner
- John Weber, Concurring Technical Review Partner
- Brian Archambeault, Technical Review Partner
- Elizabeth Sav, Audit Senior Manager
- Tim Canupp, Audit Manager
- Garren McKay, Audit Senior Staff

Auditor's Responsibilities, Planned Scope, and Audit Timeline

- Express an opinion on the financial statements, federal and state compliance
- Risk of material misstatement
- Internal control evaluation
- Risk based audit approach



New Accounting Standards

- **Governmental Accounting Standards Board (GASB) Standard No. 95 - *Postponement of the Effective Dates of Certain Authoritative Guidance.***
 - *Deferred the implementation of GASB 84 Fiduciary Activities until FY2021, among others. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments.*
 - *Deferred the implementation of GASB 87 Leases until FY2022, among others. GASB 87 will require recognition of certain assets and liabilities for leases which were previously classified as operating leases, therefore no asset or liability was previously recorded.*

Corrected and Uncorrected Misstatements

- Corrected Misstatements:

- One corrected misstatement related to premiums from the issuance of debt booked incorrectly by the Sacramento County Treasurer. The result of the correcting adjustment increased fund balance in the Bond Interest and Redemption Fund by \$10,988,306.

- Uncorrected Misstatements:

- No uncorrected misstatements

Other Required Communications

- There were no difficulties encountered with management
- There were no disagreements with management
- No consultation with other accountants
- No significant or adverse events require your attention in connection with the completion of the audit

Audit Results

Type of Opinion	Results / Questioned Cost
Financial Statements	Unmodified
<ul style="list-style-type: none">• Significant deficiency – Cash in County Treasury Reconciliations• Deficiency – Segregation of Duties in Journal Entry Processing	
Federal Compliance	Unmodified
State Compliance	Qualified
<ul style="list-style-type: none">• Comprehensive School Safety Plans:<ul style="list-style-type: none">• 8 out of 16 school site safety plans were not reviewed and approved by the March 1, 2020 required deadline.	No fiscal impact

Audit Findings & Recommendations

- Internal Control Comments/Recommendations – two comments:
 - Cash in County Treasury reconciliations were not prepared, reviewed and approved on a monthly basis throughout the fiscal year. Reconciliations were performed by the Sacramento County Office of Education but also should be prepared and reviewed by District staff.
 - Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. The District should create a process to log journal entries to ensure the same individual who posts the journal entry is independent of the individual responsible for the review of the journal entry.
- State Compliance Findings – one comment:
 - Comprehensive School Safety Plans:
 - 8 out of 16 comprehensive school safety plans were not reviewed and approved by the March 1, 2020, required deadline.
 - Fiscal impact: No fiscal impact to the District

Conclusion

- The District's financial statements are presented fairly in all material respects
- No federal compliance findings
- Management and staff at the District office and other departments were prepared for our audit and responded timely to our requests
- The District's audit report was filed with the State Controller's Office before the March 31, 2021 reporting deadline

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