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**Sacramento City Unified School District
Audit Results for the year ended
June 30, 2021**

February 3, 2022



Background on Crowe LLP

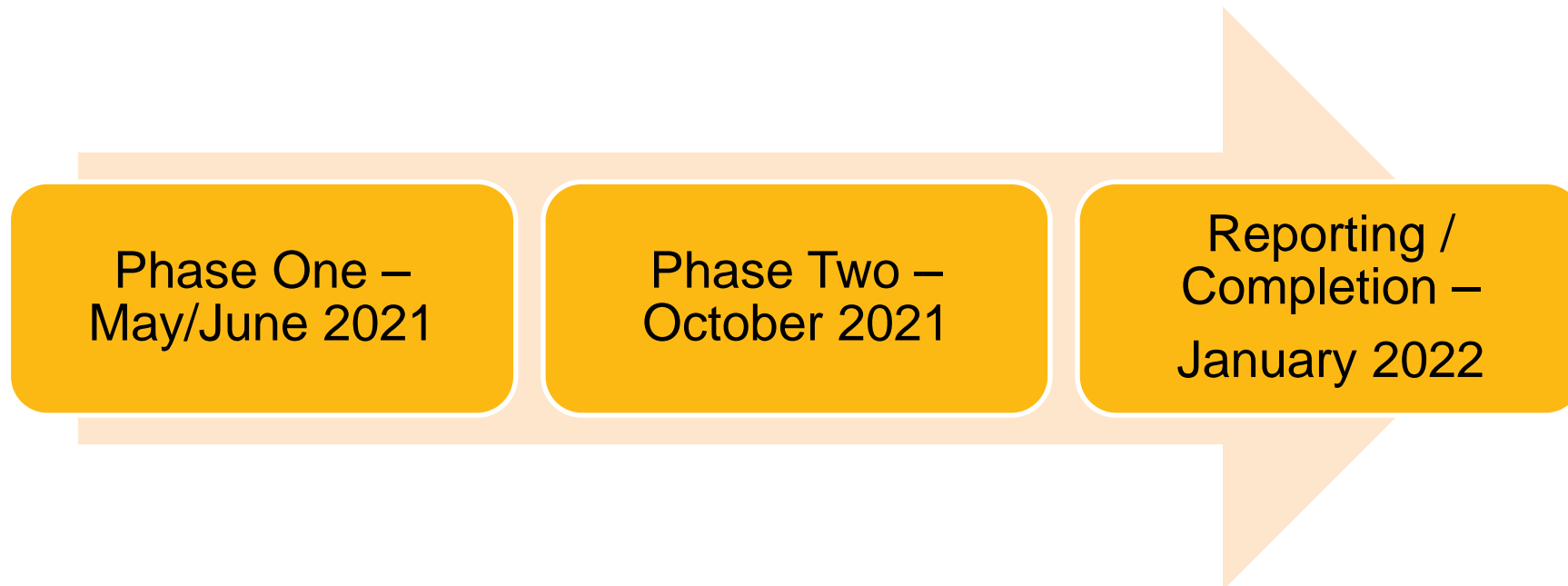
- Crowe LLP is an international accounting and advisory firm
- Currently the 9th largest accounting firm in the United States
- Crowe LLP has served California K-12 school districts for over 30 years:
 - Currently audit:
 - 3 of the 5 largest districts in California
 - 7 of the 20 largest districts in 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
- Tori Jokkel, 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. 84 – *Fiduciary Activities.***
 - *GASB Standard No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Under GASB 84, Student Activity Funds, commonly referred to as “Associated Student Body”, are now included as a Special Revenue Fund of the District rather than an Agency Fund, as previously reported. The effect was a net increase to the beginning Government-Wide Net Position and Aggregate Remaining Fund Information totaling \$1,427,892.*

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 \$6,544,107.

- 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">Deficiency – Segregation of Duties in Journal Entry Processing	
Federal Compliance	Unmodified
State Compliance	Qualified
<ul style="list-style-type: none">School Accountability Report Card (SARC):<ul style="list-style-type: none">At 2 sites, attributes reported on the school site SARC did not align with information reported on the Facility Inspection Tool (FIT).	No fiscal impact

Financial Highlights

- **Government-Wide Summary**

- Total assets of the District at June 30, 2021: \$ 1.0 billion
- Total net position of the District at June 30, 2021: \$ (735.6 million)
 - Net Pension Liability at June 30, 2021: \$ 510.3 million
 - Net OPEB Liability at June 30, 2021: \$ 317.7 million
- Total change in net position for the year ended June 30, 2021: \$ 90.2 million

- **General Fund Summary**

- Fund Balance at June 30, 2021: \$ 125.9 million
- Total change in Fund Balance: \$ 32.9 million

Audit Findings & Recommendations

- Internal Control Comment/Recommendation – one comment:
 - 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.
 - District's Response (unaudited) - The District currently uses a manual process for the segregation of duties to mitigate the same individual preparing and posting their own journal entries into the financial system. The District will implement stronger internal controls by using the financial system to add an additional level of review and approval.

Audit Findings & Recommendations

- State Compliance Finding – one comment:
 - School Accountability Report Card (SARC):
 - At 2 sites, attributes reported on the school site SARC did not align with information reported on the Facility Inspection Tool (FIT).
 - Fiscal impact: No fiscal impact to the District
- District's Response (unaudited) - The District will implement an additional internal control process of the school accountability report cards before publication to ensure that the school accountability report cards are completed based on the most recent Facility Inspection Tool information.

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 January 31, 2022 reporting deadline

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