SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 9.3

Meeting Date: December 15, 2022

Subject: Independent Audit Report for the Fiscal Year Ended June 30, 2022, Submitted by Crowe LLP

- ☒ Information Item Only
- ☐ Approval on Consent Agenda
- ☐ Conference (for discussion only)
- ☐ Conference/First Reading (Action Anticipated: _______________)
- ☐ Conference/Action
- ☐ Action
- ☐ Public Hearing

Division: Business Services

Recommendation: Receive the Independent Audit Report for the Fiscal Year Ended June 30, 2022, submitted by Crowe LLP.

Background/Rationale: Education Code Section 41020 requires school districts to conduct an annual audit of all funds under the jurisdiction of the Governing Board. The Sacramento City Unified School District is currently under contract with Crowe LLP to conduct this annual audit of district records.

Crowe LLP has completed the audit for the 2021-22 fiscal year. State law requires that the Board of Education review the annual audit report. These reports are filed with the County Superintendent, State Department of Education and the State Controller's Office.

Financial Considerations: None.

LCAP Goal(s): Family and Community Empowerment; Operational Excellence

Documents Attached:
1. Executive Summary
2. Independent Audit Report for the Fiscal Year Ended June 30, 2022, Submitted by Crowe LLP

Estimated Time: 10 Minutes
Submitted by: Rose F. Ramos, Chief Business & Operations Officer
Approved by: Jorge A. Aguilar, Superintendent

AMENDED

Board of Education Executive Summary

Business Services

Independent Audit Report for the Fiscal Year Ended June 30, 2022
Submitted by Crowe LLP
December 15, 2022

I. OVERVIEW/HISTORY:

Per Education Code section 41020, each year districts are required to conduct an annual audit of funds under the jurisdiction of the Governing Board by December 15.

The firm of Crowe LLP audited the financial statements of the district for the year ended June 30, 2022. The audit is conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and internal controls.

Findings and recommendations are reviewed by district staff with corrective action responses provided in the audit report. In addition, the prior year findings and recommendations section of the audit report reflects the status of previously identified corrective actions.

Staff and Crowe LLP will present the 2021-22 audit report at tonight's December 15, 2022 Board Meeting.

II. DRIVING GOVERNANCE:

- Education Code section 41020 outlines the requirements for the annual audit; scope of examination; licensing requirements and other limitations; contents of auditor's report; corrections; certification.
- Education Code section 41020.3 states that by January 31 of each year, the governing body of each local education agency shall review, at a public meeting, the annual audit of the local education agency for the prior year, any audit exceptions identified in that audit, the recommendations or findings of any management letter issued by the auditor and any description of correction or plans to correct any exceptions or management letter issue.

III. BUDGET:

The cost of the annual audit for the year ending June 30, 2022 was $139,000. This is a General Fund expenditure.

IV. GOALS, OBJECTIVES AND MEASURES:

Meet required timeline for annual audit report review by the Board.

V. MAJOR INITIATIVES:

Use findings and recommendations as a guide to ensure continuous improvement.

VI. RESULTS:

Work towards the preparation of the annual audit will continue throughout the year. The initial audit starts in the spring of each year.

VII. LESSONS LEARNED/NEXT STEPS:

- Continue working with external auditors to review processes and procedures.
- Ensure recommendations and corrective actions are implemented.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2022

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
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For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sacramento City Unified School District 's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sacramento City Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sacramento City Unified School District 's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sacramento City Unified School District 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sacramento City Unified School District 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 14 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of The District's Contributions - OPEB, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 61 to 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sacramento City Unified School District 's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited", was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the Sacramento City Unified School District 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Sacramento City Unified School District 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sacramento City Unified School District 's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

Management's Discussion and Analysis

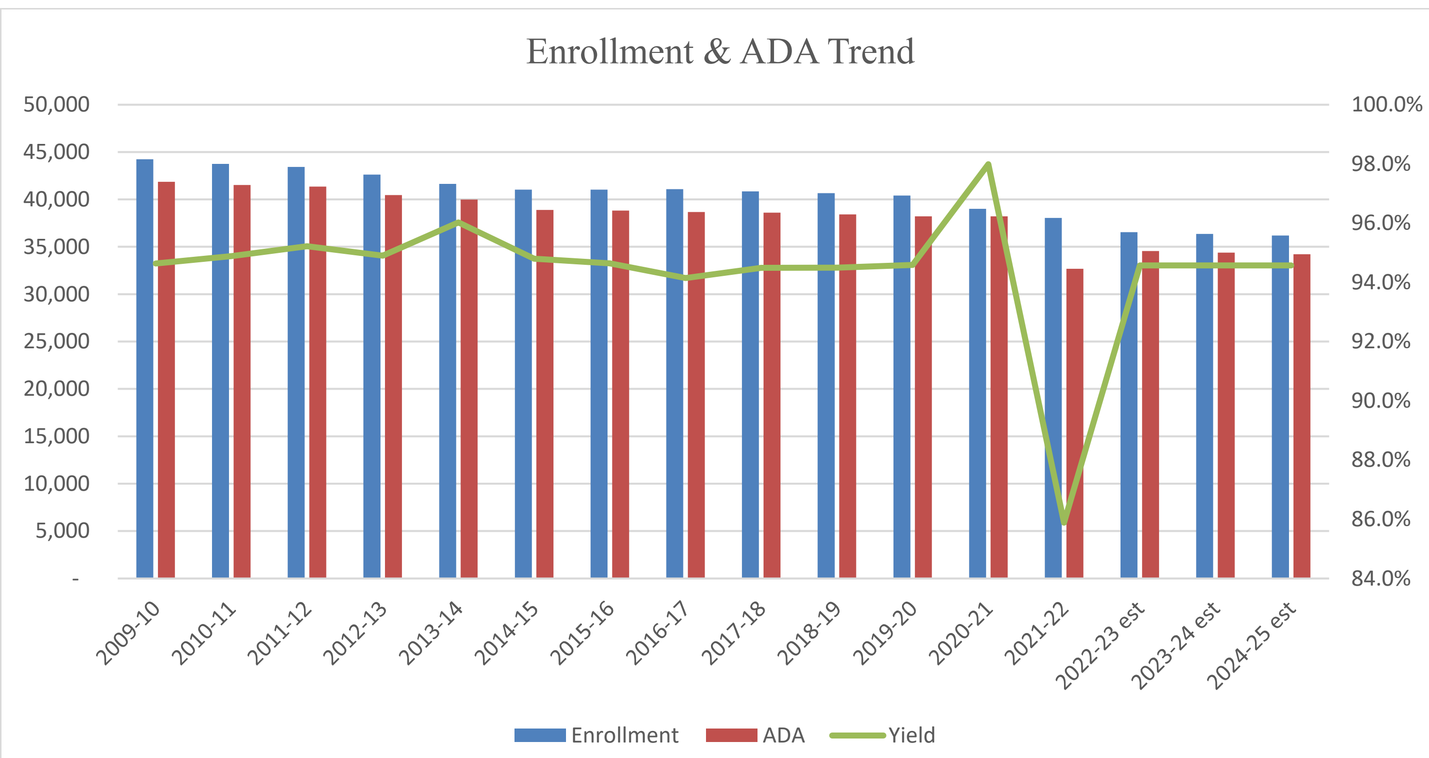
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Certain comparative information is required to be presented in this document.

District Overview

Sacramento City Unified School District (the "District"), located in Sacramento County, is the thirteenth largest school district in California regarding student enrollment. The District provides educational services to the residents in and around Sacramento, the state capital. The District operates under the jurisdiction of the Sacramento County Office of Education, although the District has attained "fiscal accountability" status under California Education Code.

For fiscal year 2021-22, the District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five district operated charter schools), and forty-eight preschool classrooms.

The graph below shows the District's enrollment trend, net of charter school enrollment. The District's enrollment and average daily attendance (ADA) continue to decline year over year. The District is funded based on its ADA, which is tracked daily with staff following up on areas of concern. The District averages approximately 94.5% ADA to enrollment. For the 2021-22 year, state education code allowed school districts to utilize the 2019-20 ADA yield to mitigate the decline in attendance rates as a result of the COVID-19 pandemic.



COVID-19 Impacts

The ongoing COVID-19 pandemic continued to have impacts throughout the 2021-22 fiscal year. This included a significant decline in attendance rates for students as well as staff. Additionally, the pandemic required continued negotiations and bargaining agreements regarding employee safety, work conditions, additional duties and compensation, increases in COVID related sick leave and more. The district also experienced a decline in enrollment from 2020-21 to 2021-22, decreasing from 39,003 to 38,043, or 2.5% decline compared to the district's historical average of .5%. The district has continued to utilize one-time COVID related funding to mitigate the financial and programmatic impacts described above.

Governance

The District is governed by a Board of Education consisting of seven members and one non-voting student member. The regular members are elected to staggered four-year terms every two years. As a result of the passage of two ballot measures at the November 7, 2006 election, beginning in 2008, Board member elections are no longer held district-wide but instead are held among voters who reside in each of seven trustee areas.

Strategic Plan and Guiding Principle

The District's *Strategic Plan 2016-2021* makes a commitment to provide every student with access to opportunities for success. It functions like a blueprint, outlining a vision for our schools in the future and providing the steps necessary to attain the vision. The Strategic Plan also guides the District's Local Control and Accountability Plan, pairing actions with resources.

The District's Mission:

> Students graduate as globally competitive lifelong learners, prepared to succeed in a career and higher education institution of their choice to secure gainful employment and contribute to society.

The District's Vision:

> Every student is a responsible, productive citizen in a diverse and competitive world.

The District's Core Values:

- Equity: Commitment to reducing the academic achievement gap by ensuring that all students have equal access to the opportunities, supports and the tools they need to be successful.
- Achievement: Students will be provided with a relevant, rigorous and well-rounded curriculum, with the expectation that all will be well prepared for a career and post-secondary education.
- Integrity: Communication and interaction among and between students, parents, staff, labor and community partners is defined by mutual respect, trust and support.
- Accountability: Commitment to transparency and ongoing review of data will create a culture focused on results and continuous improvement in a fiscally sustainable manner.

The District's Goals:

- College, Career and Life Ready Graduates: Challenge and support all students to actively engage in rigorous and relevant curriculum that prepares them for college, career, and a fulfilling life, regardless of zip code, race/ethnicity, ability, language proficiency, and life circumstance.

- Safe, Emotionally Healthy and Engaged Students: Provide supports and opportunities to ensure that every student succeeds, with safe school environments that foster student engagement, promote daily attendance, and remove barriers to learning.

- Family and Community Empowerment: Commit to a welcoming school environment for our community; recognize and align district partnerships; and provide tools and family empowerment opportunities that are linked to supporting student academic achievement and social emotional competencies in order for families to be equal and active partners in their child's educational success.

- Operational Excellence: Be a service-focused organization. Consistently serve students, families, staff and community with efficient and effective programs, practices, policies and procedures at every point of contact across the district.

In addition to the Strategic Plan, the District's Equity, Access, and Social Justice Guiding Principle – All students are given an equal opportunity to graduate with the greatest number of postsecondary choices from the widest array of options – guides decision making and resource allocation.

Overview of the Financial Statements

This annual report consists of five parts: (1) management's discussion and analysis (this section); (2) the financial statements; (3) required supplementary information; (4) other supplementary information and (5) findings and recommendations.

The remainder of the MD&A highlights the structure and contents of each of the statements.

The financial statements include two kinds of statements that present different views of the District: district-wide financial statements and fund financial statements. The financial statements also include notes that explain some of the information in the statements and provide more detail.

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial position. The Statement of Net Position includes all of the District's assets and liabilities and deferred outflows and inflows of resources. All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. 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 the Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.

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

These two financial statements start on page 15.

The remaining statements are fund financial statements that report on the District's operations in more detail than the district-wide statements. These statements begin on page 17.

District-wide Financial Condition

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). The District displays the book value of all district assets including buildings, land and equipment, and related depreciation, in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many school sites have low values because the District acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation. Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2022	June 30, 2021	Variance	% Diff
Capital Assets	$626,455,604	$644,996,247	($18,540,643)	-3%
Other Assets	497,220,439	374,139,484	123,080,955	33%
Total Assets	1,123,676,043	1,019,135,731	104,540,312	10%
Deferred Outflows of Resources	157,772,361	194,852,094	(37,079,733)	-19%
Current and Other Liabilities	186,148,504	119,959,555	66,188,949	55%
Long-Term Liabilities	1,150,304,688	1,380,986,742	(230,682,054)	-17%
Total Liabilities	1,336,453,192	1,500,946,297	(164,493,105)	-11%
Deferred Inflows of Resources	562,512,156	448,594,060	113,918,096	25%
Net Investment in Capital Assets (net of related debt)	167,912,958	155,836,813	12,076,145	8%
Restricted Net Position	134,049,206	109,386,515	24,662,691	18%
Unrestricted Net Position	(919,479,108)	(1,000,775,860)	81,296,752	8%
Total Net Position	($617,516,944)	($735,552,532)	$118,035,588	16%

At the end of fiscal year 2021-22, the District had a total value of $1,323,124,465 in capital assets. Capital assets include land, buildings, site improvements, equipment and work in progress. Total accumulated depreciation amounted to $696,668,861. Net capital assets totaled $626,455,604, a decrease of $18,540,643 from prior year. Current and other liabilities include accounts payable, unpaid self-insurance claims and unearned revenue. The District ended the year with a total of $1,336,453,192 in outstanding obligations, which was a decrease of $164,493,105 over the prior year. The primary reason for the decrease in liabilities was a decrease of $263,218,000 in net pension liability.

District-wide Financial Condition (Continued)

The Statement of Activities is a district-wide financial statement that reports the District's cost of instruction and other district activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in the following table:

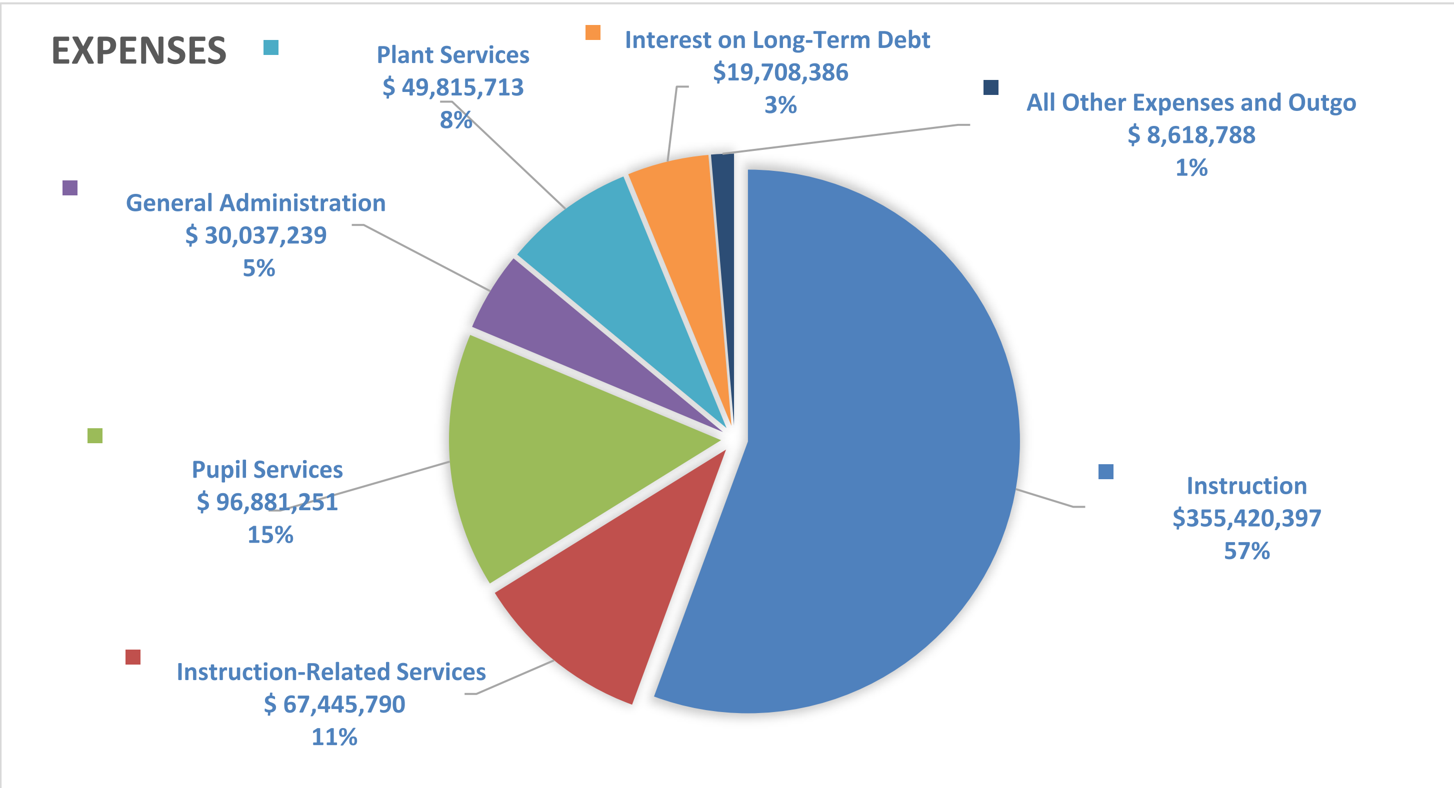
	June 30, 2022	June 30, 2021	Variance	% Diff
Expenses				
Governmental Activities:				
Instruction	$355,420,397	$409,121,389	($53,700,992)	-13%
Instruction-Related Services	67,445,790	69,473,789	(2,027,999)	-3%
Pupil Services	96,881,251	72,086,345	24,794,906	34%
General Administration	30,037,239	40,238,698	(10,201,459)	-25%
Plant Services	49,815,713	56,644,940	(6,829,227)	-12%
Interest on Long-Term Debt	19,708,386	22,287,016	8,621,644	39%
All Other Expenses and Outgo	8,618,788	4,672,295	3,946,493	84%
Total Governmental Activity Expenses	627,927,564	674,524,472	(46,596,908)	-7%

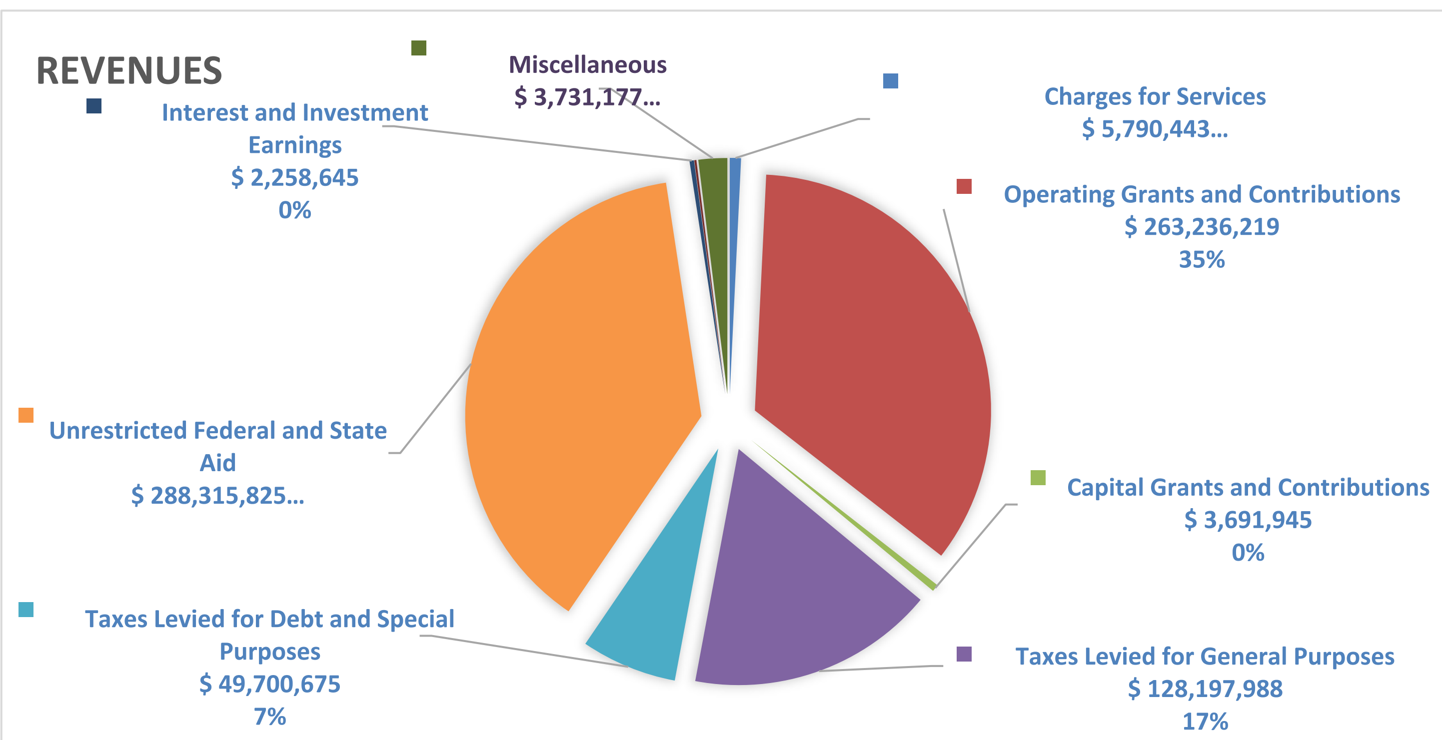
Revenues				
Charges For Services	5,790,443	5,422,128	368,315	7%
Operating Grants and Contributions	263,236,219	258,221,937	5,014,282	2%
Capital Grants and Contributions	3,691,945	1,919,710	1,772,235	92%
Taxes Levied for General Purposes	128,197,988	119,809,569	8,388,419	7%
Taxes Levied for Debt and Special Purposes	49,700,675	49,874,128	(173,453)	0%
Unrestricted Federal and State Aid	288,315,825	320,443,498	(32,127,673)	-10%
Interest and Investment Earnings	2,258,645	2,445,533	(186,888)	-8%
Interagency Revenues	1,048,118	1,951,373	(903,255)	-46%
Special and Extraordinary Items	-	-	-	0%
Miscellaneous	3,731,177	4,673,730	(942,553)	-20%
Total Revenues	745,963,152	764,761,606	(18,798,454)	-3%

Change in Net Position	$118,035,588	$90,237,134	$27,798,454	31%

District-wide Financial Condition (Continued)

The District overall experienced a $118,035,588 increase in net position. Total revenues decreased by 3% or $18,798,454 from the 2020-21 fiscal year primarily due to a decrease in unrestricted federal and state aid. Total expenditures decreased by 7% or $46,596,908 from the 2020-21 fiscal year. The slight decrease in expenditures is primarily due to a decrease in Instruction costs.





Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. A fund consists of a self-balancing set of accounts that the District uses to track 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 (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily 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. Enterprise funds (one type of proprietary fund) are the same as business-type activities, but provide more detail and additional information, such as cash flows. The District does not currently have any business-type activities. Internal service funds (another type of proprietary fund) are used 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 Self-Insurance Fund, which includes Workers' Compensation and Dental/Vision.

- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. 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 position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2022:

	Adopted Budget	Year End Budget	Actual
Total Revenues	$559,269,076	$739,275,991	$622,845,963
Total Expenditures	$591,276,906	$726,134,143	$639,401,978
Total Other Financing Sources/(Uses)	$3,350,481	$3,427,016	$502,095

The net revenue increase of $180,006,915 between Adopted Budget and Year End Budget is due to an increase in Federal and State Revenue primarily due to the recognition of COVID related funding sources.

The net increase to the total expenditure budget between Adopted and Year End Budget was $134,857,237, primarily due to budgeting expenditures for COVID related funding sources and the increase in salaries and benefits as a result of bargaining unit settlement agreements.

Actual revenues were $116,430,028, or 15.75% below the Year End Budget, due primarily to changes in the recognition of COVID related funding sources due to less expenditures than projected. Actual expenditures were $86,732,165 or 11.94% below Year End Budget due to one time savings and less COVID funding source expenditures than projected.

The following table summarizes the General Fund financial statements for the year ended June 30, 2022:

Total Revenues	$622,845,963
Total Expenditures	$639,401,978
Total Other Financing Sources/ (Uses)	$502,095
Net Change	($16,053,920)

District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and are identified as the District's "Net Ending Balance." Included within the projected net ending balance is a "reserve for economic uncertainties." The State requires districts of this size to retain an amount equal to 2% of budgeted expenditures to cover unforeseen shortfalls in revenues or expenditures greater than budgeted. Also included in the net ending balance are carryover balances that originated from sources that can only be used for specific purposes. These "restricted" resources can only be spent on the purposes determined by the grantor, and the balances in these accounts carry the same restrictions as the originating revenue.

The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Education to designate the funds for any purpose by a majority vote at a Board meeting. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds. The Board has not taken any action in 2021-22 to commit funds. Assigned ending balances are constrained by the District's intent but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

The chart below represents the District's financial analysis of its Governmental and Proprietary Funds:

Ending Fund Balances	June 30, 2022	June 30, 2021	Difference
Fund 01 General	$109,852,797	$125,906,717	($16,053,920)
Fund 08 Student Activity Fund	$1,447,941	$1,219,952	$227,989
Fund 09 Charter Schools	$9,347,446	$6,381,614	$2,965,832
Fund 11 Adult Education	$1,384,337	$801,095	$583,242
Fund 12 Child Development	$880,662	$413,039	$467,623
Fund 13 Cafeteria	$14,581,388	$16,414,434	($1,833,046)
Fund 21 Building	$104,526,405	$34,418,837	$70,107,568
Fund 25 Developer Fees	$23,726,622	$19,607,667	$4,118,955
Fund 35 County School Facilities Fund	$4,891	$418	$4,473
Fund 49 Community Facilities	$1,113,186	$1,106,162	$7,024
Fund 51 Bond Interest and Redemption	$36,744,469	$40,845,636	($4,101,167)
Fund 61 Cafeteria Enterprise Fund	$5,752	$0	$5,752
Fund 67 Self Insurance	$12,847,529	$12,632,456	$215,297

Capital Projects

Modernization and construction projects are scheduled to continue as we update our existing facilities and continue to close out construction projects. With the passage of Bond Measures Q and R in 2012 and Measure H in 2020, the District continues facility improvements, modernization and construction projects that enhance the learning environment.

Total Expenditures for Fiscal Year Ended June 30, 2022

Measure Q Total	$11,151,525
● Program Management Expenditures	$ 1,522,713
● Completed Project Expenditures:	
▪ Modernization, Repair & Upgrades	$ 2,691,031
▪ Technology Upgrades	$ 6,686
● In Progress Project Expenditures:	
▪ Modernization, Repair & Upgrades	$ 5,783,540
● Debt issuance expenditures	$1,147,555
Measure R Total	$ 474,036
● Program Management Expenditures	$ 103,982
● In Progress Project Expenditures:	
○ Hiram Johnson Stadium	$ 351,602
● Completed Project Expenditures:	
▪ Nutrition Services Center	$ 18,452

Summary of Future Projects as of June 30, 2022

Project Year(s)	Projects	Estimated Budget
Measure Q Total		$ 100,800,000
2022-2024	Core Academic Renovation	$ 16,988,613
2022-2024	District Wide Fire & Irrigation Improvements	$ 3,060,000
2022-2024	Modernization, Repair, and Upgrade Projects	$ 75,848,037
2022-2024	Resource & Energy Conservation Improvement Projects	$ 2,353,350
2022-2024	Program Management	$ 2,550,000
Measure R Total		$ 800,000
2022-2024	Athletic Improvements	$ 800,000

Measure H Total		$ 224,472,460
2022-2025	Academic and Safety Equal Access – New Construction and Major Modernization	$147,000,000
2022-2025	School and Classroom Improvements – Campus Renewal / Furniture Replacement / Sustainability/Energy Reduction	$ 64,375,000
2022-2025	Safety and Security Improvements – Safety / Path of Travel Remediation	$ 5,000,000
2022-2025	PE and Athletic Programs - Playground Structures	$ 5,000,000
2022-2025	Program Management	$ 3,097,460

District Indebtedness

As of June 30, 2022, the District has incurred $1,150,304,688 in long-term liabilities. Of this amount, $469,262,966 are General Obligation Bonds and $25,182,150 are Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002 and 2012. Additionally, $55,030,000 is Lease Revenue Bonds, backed by Developer Fees and Mello-Roos Community Facilities funds

The District continues to provide lifetime health benefits to eligible retirees. The recognized net OPEB liability decreased by $9,504,754 from $317,738,269 to $ 308,233,515 due to sustained contributions to the District's OPEB trust. Continued contributions at the Actuarially Determined Contribution level have resulted in an improved (higher) discount rate assumed for the actuarial report.

Financial Outlook

Ongoing risks include a continued projected decline in ADA, increased operating expenditures, such as rising special education costs and pension and health premium increases, and uncertain future state resources. However, the District is projecting improved fiscal stability due to the increase in on-going state funding.

The District's 2022-23 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and two subsequent years. The District has taken measures to reduce expenditures and increase reserves over the last few fiscal years, including one-time savings as a result of the COVID-19 pandemic. The District has also passed two Fiscal Recovery Plans, one on February 4, 2021 and the second on December 17, 2021 to help address the District's ongoing structural deficit. As of the 2022-23 First interim report the District is projected to have positive cash balances at June 30 for all three fiscal years 2022-23, 2023-2024 and 2024-2025. The District continues to work with its labor partners, community stakeholders, the Sacramento County Office of Education and assigned fiscal advisor to maintain fiscal stability.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	$ 416,761,953	$ 5,917	$ 416,767,870
Receivables	78,906,637	-	78,906,637
Prepaid expenses	20,380	-	20,380
Stores inventory	1,531,469	-	1,531,469
Non-depreciable capital assets (Note 4)	40,643,482	-	40,643,482
Depreciable capital assets, net of accumulated depreciation (Note 4)	585,812,122	-	585,812,122
Total assets	1,123,676,043	5,917	1,123,681,960
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions (Notes 8 and 9)	95,354,777	-	95,354,777
Deferred outflows of resources - OPEB (Note 10)	61,176,944	-	61,176,944
Deferred loss on refunding of debt	1,240,640	-	1,240,640
Total deferred outflows of resources	157,772,361	-	157,772,361
LIABILITIES			
Accounts payable	171,700,536	165	171,700,701
Unpaid claims and claim adjustment expenses (Note 5)	330,273	-	330,273
Unearned revenue	14,117,695	-	14,117,695
Long-term liabilities (Note 6):			
Due within one year	30,270,887	-	30,270,887
Due after one year	1,120,033,801	-	1,120,033,801
Total liabilities	1,336,453,192	165	1,336,453,357
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - OPEB (Note 10)	331,490,156	-	331,490,156
Deferred inflows of resources - pensions (Notes 8 and 9)	231,022,000	-	231,022,000
Total deferred inflows of resources	562,512,156	-	562,512,156
NET POSITION			
Net investment in capital assets	167,912,958	-	167,912,958
Restricted:			
Legally restricted programs	72,460,038	-	72,460,038
Capital projects	24,844,699	-	24,844,699
Debt service	36,744,469	-	36,744,469
Unrestricted	(919,479,108)	5,752	(919,473,356)
Total net position	$ (617,516,944)	$ 5,752	$ (617,511,192)

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	$ 355,420,397	$ 466,213	$ 137,769,967	$ 3,691,945	$ (213,492,272)	$ -	$ (213,492,272)
Instruction-related services:							
Supervision and administration	30,262,665	203,764	24,452,945	-	(5,605,956)	-	(5,605,956)
Library, media and technology	2,525,062	-	588,009	-	(1,937,053)	-	(1,937,053)
School site administration	34,658,063	48,332	6,516,891	-	(28,092,840)	-	(28,092,840)
Pupil services:							
Home-to-school transportation	10,140,372	-	2,621,500	-	(7,518,872)	-	(7,518,872)
Food services	32,442,628	(70,438)	31,581,472	-	(931,594)	-	(931,594)
All other pupil services	54,298,251	715,896	37,492,903	-	(16,089,452)	-	(16,089,452)
General administration:							
Centralized data processing	5,245,901	(1,571)	1,186,558	-	(4,060,914)	-	(4,060,914)
All other general administration	24,791,338	31,580	9,452,883	-	(15,306,875)	-	(15,306,875)
Plant services	49,815,713	561,174	5,377,810	-	(43,876,729)	-	(43,876,729)
Ancillary services	4,428,277	5,983	1,538,556	-	(2,883,738)	-	(2,883,738)
Community services	269,048	-	-	-	(269,048)	-	(269,048)
Enterprise activities	216,782	-	220	-	(216,562)	-	(216,562)
Other outgo	3,704,681	3,829,510	4,656,505	-	4,781,334	-	4,781,334
Interest on long-term liabilities	19,708,386	-	-	-	(19,708,386)	-	(19,708,386)
Total governmental activities	627,927,564	5,790,443	263,236,219	3,691,945	(355,208,957)	-	(355,208,957)
Business-Type activities:							
Enterprise activities	2,122	-	-	-	-	(2,122)	(2,122)
Total governmental and business-type activities	$ 627,929,686	$ 5,790,443	$ 263,236,219	$ 3,691,945	(355,208,957)	(2,122)	(355,211,079)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					128,197,988	-	128,197,988
Taxes levied for debt service					44,609,563	-	44,609,563
Taxes levied for other specific purposes					5,091,112	-	5,091,112
Federal and state aid not restricted to specific purposes					288,315,825	-	288,315,825
Interest and investment earnings (loss)					2,258,645	(9)	2,258,636
Interagency revenues					1,048,118	-	1,048,118
Miscellaneous					3,723,294	7,883	3,731,177
Total general revenues					473,244,545	7,874	473,252,419
Change in net position					118,035,588	5,752	118,041,340
Net position, July 1, 2021					(735,552,532)	-	(735,552,532)
Net position, June 30, 2022					$ (617,516,944)	$ 5,752	$ (617,511,192)

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 205,714,672	$ 20,470,786	$ 48,840,891	$ 41,313,728	$ 316,340,077
Cash in banks	42,883	354,956	-	1,923,639	2,321,478
Cash in revolving fund	225,000	-	-	2,000	227,000
Cash with fiscal agent	-	87,288,005	-	-	87,288,005
Collections awaiting deposit	-	-	-	14,650	14,650
Receivables	32,178,242	72,841	138,303	7,492,989	39,882,375
Due from grantor governments	33,790,821	-	-	5,187,834	38,978,655
Due from other funds	2,946,568	22,304	-	2,928,182	5,897,054
Prepaid expenditures	16,100	-	-	4,280	20,380
Stores inventory	105,262	-	-	1,426,207	1,531,469
Total assets	$ 275,019,548	$ 108,208,892	$ 48,979,194	$ 60,293,509	$ 492,501,143
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 81,311,912	$ 3,682,487	$ 12,234,725	$ 1,612,947	$ 98,842,071
Due to grantor governments	65,820,039	-	-	1,649,951	67,469,990
Unearned revenue	13,077,997	-	-	1,039,698	14,117,695
Due to other funds	4,956,803	-	-	3,504,440	8,461,243
Total liabilities	165,166,751	3,682,487	12,234,725	7,807,036	188,890,999
Fund balances:					
Nonspendable	346,362	-	-	1,432,487	1,778,849
Restricted	44,818,264	104,526,405	36,744,469	51,053,986	237,143,124
Assigned	15,891,754	-	-	-	15,891,754
Unassigned	48,796,417	-	-	-	48,796,417
Total fund balances	109,852,797	104,526,405	36,744,469	52,486,473	303,610,144
Total liabilities and fund balances	$ 275,019,548	$ 108,208,892	$ 48,979,194	$ 60,293,509	$ 492,501,143

See accompanying notes to the financial statements.

Total fund balances - Governmental Funds		$ 303,610,144
Amounts reported for governmental activities in the statement of net position 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 $1,323,124,465 and the accumulated depreciation is $696,668,861 (Note 4).		626,455,604
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2022 consisted of (Note 6):		
General Obligation Bonds	$ (469,262,966)	
Accreted interest	(25,182,150)	
Lease Revenue Bonds	(55,030,000)	
Premium on issuance	(40,016,725)	
Net pension liability (Notes 8 and 9)	(247,054,000)	
Net OPEB liability (Note 10)	(308,233,515)	
Compensated absences	(5,525,332)	
		(1,150,304,688)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position of the Self-Insurance Fund is:		12,847,529
In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred:		(5,385,738)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.		1,240,640
In governmental funds, deferred outflows and inflows of resources relating to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 10).		
Deferred outflows of resources relating to OPEB	61,176,944	
Deferred inflows of resources relating to OPEB	(331,490,156)	
		(270,313,212)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9).		
Deferred outflows of resources relating to pensions	95,354,777	
Deferred inflows of resources relating to pensions	(231,022,000)	(135,667,223)
Total net position - governmental activities		$ (617,516,944)

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local control funding formula (LCFF):					
State apportionment	$ 276,528,575	$ -	$ -	$ 16,622,320	$ 293,150,895
Local sources	114,895,574	-	-	-	114,895,574
Total LCFF	391,424,149	-	-	16,622,320	408,046,469
Federal sources	120,733,568	-	-	36,791,987	157,525,555
Other state sources	104,713,852	-	300,894	16,272,451	121,287,197
Other local sources	5,974,394	242,171	46,144,802	14,461,823	66,823,190
Total revenues	622,845,963	242,171	46,445,696	84,148,581	753,682,411
Expenditures:					
Current:					
Certificated salaries	237,235,646	-	-	14,728,357	251,964,003
Classified salaries	76,904,101	595,674	-	13,503,026	91,002,801
Employee benefits	185,060,292	345,063	-	19,051,682	204,457,037
Books and supplies	26,193,255	8,519	-	14,879,399	41,081,173
Contract services and operating expenditures	103,385,895	2,227,633	-	4,758,527	110,372,055
Other outgo	1,473,819	-	-	-	1,473,819
Capital outlay	9,148,969	8,892,742	-	1,033,527	19,075,238
Debt service:					
Principal retirement	-	-	40,800,000	2,825,000	43,625,000
Interest	-	-	21,139,437	2,637,404	23,776,841
Total expenditures	639,401,977	12,069,631	61,939,437	73,416,922	786,827,967
(Deficiency) excess of revenues (under) over expenditures	(16,556,014)	(11,827,460)	(15,493,741)	10,731,659	(33,145,556)
Other financing sources (uses):					
Transfers in	3,162,296	3,687,472	-	2,660,202	9,509,970
Transfers out	(2,660,202)	-	-	(6,849,768)	(9,509,970)
Proceeds from the sale of bonds	-	110,455,000	-	-	110,455,000
Deposit to escrow fund for refunding		(36,956,815)	-	-	(36,956,815)
Premiums from issuance of bonds	-	4,749,370	11,392,574	-	16,141,944
Total other financing sources (uses)	502,094	81,935,027	11,392,574	(4,189,566)	89,640,129
Change in fund balances	(16,053,920)	70,107,567	(4,101,167)	6,542,093	56,494,573
Fund balances, July 1, 2021	125,906,717	34,418,838	40,845,636	45,944,380	247,115,571
Fund balances, June 30, 2022	$ 109,852,797	$ 104,526,405	$ 36,744,469	$ 52,486,473	$ 303,610,144

See accompanying notes to the financial statements.

Net change in fund balances - Total Governmental Funds	$	56,494,573
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 position (Note 4).		19,083,643
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).		(37,571,451)
In the governmental funds, the entire proceeds (loss) from the of capital assets is reported as revenue (loss). In the statement of activities, only the resulting gain or loss is reported (Note 4)		(52,835)
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 6).		(110,455,000)
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 position (Note 6).		43,625,000
Payments made to the refunding escrow is an other financing use in governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).		36,815,000
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).		(2,312,750)
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the liability in the statement of net position. (Note 6).		(9,516,481)
In governmental funds, deferred inflows and deferred outflows of resources are not recognized. In the government-wide statements, deferred inflows and deferred outflows of resources are amortized over the life of the debt. The net activity in the deferred outflow for the current year is:		(357,194)
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.		182,360

(Continued)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. The change in net position for the Self-Insurance Fund was:	$ 215,073
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 8 and 9):	44,213,000
In the statement of activities, expenses related to 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 (Notes 6).	(196,469)
In the statement of activities, expenses related to net OPEB liability are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6 and 10).	77,869,119
Change in net position of governmental activities	$ 118,035,588

See accompanying notes to the financial statements.

	Business-Type Activities Cafeteria Enterprise Fund	Governmental Activities Self Insurance Fund
ASSETS		
Current assets:		
Cash and investments:		
Cash in County Treasury	$ (1,114)	$ 10,319,957
Cash in banks	7,031	786
Cash with fiscal agent	-	250,000
Receivables	-	45,607
Due from other funds	-	2,569,034
Total current assets	5,917	13,185,384
LIABILITIES		
Current liabilities:		
Accounts payable	165	2,737
Due to other funds	-	4,845
Unpaid claims and claim adjustment expenses	-	330,273
Total current liabilities	165	337,855
NET POSITION		
Unrestricted	$ 5,752	$ 12,847,529

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN
NET POSITION – PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Business-Type Activities Cafeteria Enterprise Fund	Governmental Activities Self Insurance Fund
Operating revenues:		
Self insurance premiums	$ -	$ 14,182,526
Other state revenue	-	65
Other local revenue	12,723	-
Total operating revenues	12,723	14,182,591
Operating expenses:		
Classified salaries	5,612	355,089
Employee benefits	498	211,459
Books and supplies	355	26,014
Contract services	497	767
Provision for claims and claim adjustment expenses	-	13,431,429
Total operating expenses	6,962	14,024,758
Net operating income	5,761	157,833
Non-operating income:		
Interest (loss) income	(9)	57,240
Change in net position	5,752	215,073
Total net position, July 1, 2021	-	12,632,456
Total net position, June 30, 2022	$ 5,752	$ 12,847,529

See accompanying notes to the financial statements.

	Business-Type Activities Cafeteria Enterprise Fund	Governmental Activities Self Insurance Fund
Cash flows provided by (used in) operating activities:		
Cash received from self-insurance premiums and other revenue	$ 12,723	$ 16,440,276
Cash paid for employee benefits	(6,110)	-
Cash paid for claims	-	(13,559,589)
Cash paid for other expenses	(687)	(4,014,755)
Net cash provided by (used in) operating activities	5,926	(1,134,068)
Cash flows (used in) provided by investing activities:		
Interest income received	(9)	57,240
Change in cash and investments	5,917	(1,076,828)
Cash and investments, July 1, 2021	-	11,647,571
Cash and investments, June 30, 2022	$ 5,917	$ 10,570,743
Reconciliation of net operating income to net cash provided by (used in) operating activities:		
Net operating income	$ 5,761	$ 157,833
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Decrease (increase) in:		
Receivables	-	2,257,685
Due from other funds	-	(2,568,952)
(Decrease) increase in:		
Unpaid claims and claim adjustment expenses	-	(128,160)
Accounts payable	165	(857,319)
Due to other funds	-	4,845
Total adjustments	165	(1,291,901)
Net cash provided by (used in) operating activities	$ 5,926	$ (1,134,068)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2022

	Scholarship Trust
ASSETS	
Cash and investments (Note 2)	
Cash on hand and in banks	$ 454,456
NET POSITION	
Restricted for scholarships	$ 454,456

See accompanying notes to the financial statements.

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2022

	Scholarship Trust
Additions:	
Other local sources	$ 51,541
Deduction:	
Contract services and operating expenditures	32,486
Change in net position	19,055
Net position, July 1, 2021	435,401
Net position, June 30, 2022	$ 454,456

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sacramento City 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. The following is a summary of the more significant policies:

<u>Reporting Entity</u>: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the 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, Sacramento County Schools Education Facilities Financing Corporation (the "Corporation") and Sacramento City Schools Joint Powers Financing Authority (the "Authority") 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 and Authority as a component unit of the District. Therefore, the financial activities of the Corporation and the Authority have been included in the basic financial statements of the District as a blended component unit.

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

A - <u>Manifestations of Oversight</u>

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

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

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

B - <u>Accounting for Fiscal Matters</u>

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

2. Any deficits incurred by the Corporation and the Authority will be reflected in the lease payments of the District. Any surpluses of the Corporation and the Authority 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 and the Authority.

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Scope of Public Service and Financial Presentation

1. The Corporation and the Authority were 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 Authority was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to the California Government Code, commencing with Section 6500. The Corporation and the Authority were 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 and Authority facilities. When the Authority's Lease Revenue Bonds have been paid with state reimbursements and the District's developer fees, title of all Corporation and Authority property will pass to the District for no additional consideration.

3. The Corporation's and the Authority's financial activity is presented in the financial statements in the Building Fund. Lease Revenue Bonds issued by the Authority are included in the government-wide financial statements. There are currently no outstanding Certificates of Participation under the Corporation as of June 30, 2022.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position 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 Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position 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 is specifically identified by function and is included in the direct expense of the respective function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds:

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. Building Fund: The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of capital facilities by the District.

3. Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. All records relating to the Bond Interest and Redemption Fund are maintained by the Sacramento County Auditor-Controller. The revenue for this fund is raised by school district taxes which are levied, collected, and administered by County officials. The Education Code stipulates that the tax rate levied shall be sufficient to provide monies for the payment of principal and interest as they become due on outstanding school district bonds.

B - Other 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 Student Activity, Charter Schools, Adult Education, Child Development and Cafeteria Funds.

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

The Self-Insurance Fund is an internal service fund used to account for services rendered on a cost-reimbursement basis within the District. The Self-Insurance Fund is used to provide workers' compensation, dental and vision benefits to employees of the District.

The Cafeteria Enterprise Fund is an enterprise fund within the District to operate a food service program including non-student related catering programs and other local food programs.

The Scholarship Fund is a trust fund used to account for amounts held by the District as Trustee, to be used to provide scholarships to students of the District.

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: The 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was required as of June 30, 2022.

Stores Inventory: Inventories in the General, Student Activity and Cafeteria Funds are valued at average cost. Inventory recorded in the General, Student Activity and Cafeteria Funds consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. 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 3 - 30 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value.

	STRP	PERF B	Total
Deferred outflows of resources	$ 76,393,774	$ 18,961,003	$ 95,354,777
Deferred inflows of resources	$ 184,309,000	$ 46,713,000	$ 231,022,000
Net pension liability	$ 153,342,000	$ 93,712,000	$ 247,054,000
Pension expense	$ 21,523,128	$ 5,858,087	$ 27,381,215

Compensated Absences: Compensated absences totaling $5,525,332 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B employees, when the employee retires.

Unearned 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 unearned revenue until earned.

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service repayments represents the portion of net position which the District plans to expend on debt repayment in the ensuing year. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for scholarships represents the portion of net position to be used to provide financial assistance to students of the District. It is the District's policy to first use restricted net position when allowable expenditures are incurred.

3. Unrestricted Net Position – All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Nonspendable Fund Balance: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, store's inventory and prepaid expenditures.

B - Restricted Fund Balance: The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2022, the District had no committed fund balances.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2022, no such designation has occurred.

E - Unassigned Fund Balance: In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund, that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

<u>Fund Balance Policy</u>: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2022, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

<u>Property Taxes</u>: 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.

<u>Encumbrances</u>: 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. All encumbrances are liquidated as of June 30.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position 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 basic 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 during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2017, the GASB issued GASB Statement No. 87, Leases. GASB 87 requires the recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lease is required to be recognized as a lease liability and an intangible right to use lease asset and the lessor is required to recognize a lease receivable and deferred inflow of resources. This statement was originally effective for fiscal years beginning after December 15, 2019, but due to the adoption of GASB 95, the implementation date was extended to reporting periods beginning after June 15, 2021. District management performed an analysis and determined that the implementation of GASB 87 did not have a material impact on the District's financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022 are reported at fair value and consisted of the following:

	Governmental Activities				
	Governmental Funds	Proprietary Fund	Total	Business-Type Activities	Fiduciary Activities
Pooled Funds:					
Cash in County Treasury	$ 316,340,077	$ 10,319,957	$ 326,660,034	$ (1,114)	$ -
Deposits:					
Cash on hand and in banks	2,321,478	786	2,322,264	7,031	454,456
Cash in revolving fund	227,000	-	227,000	-	-
Cash awaiting deposit	14,650	-	14,650	-	-
Total deposits	2,563,128	786	2,563,914	7,031	454,456
Investments:					
Cash with fiscal agent	87,288,005	250,000	87,538,005	-	-
Total cash and investments	$ 406,191,210	$ 10,570,743	$ 416,761,953	$ 5,917	$454,456

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Sacramento County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in the financial statements at the amounts based upon the District's pro-rate share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

(Continued)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2022, the carrying amount of the District's accounts was $3,025,401 and the bank balance was $2,582,400. $764,976 of the bank balance was FDIC insured and $1,817,424 remained uninsured.

Cash with Fiscal Agent: Cash with Fiscal Agent in the Governmental Funds represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash with Fiscal Agent held in the Proprietary Fund represents funds held as required by the District's third-party administrator, Schools' Insurance Authority, for the District's self-insurance activities.

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, 2022, the District had no significant interest rate risk related to cash and investments held.

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, 2022, the District had no concentration of credit risk.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the funds which incur payroll costs, 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 interfund receivable and payable balances at June 30, 2022 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 2,946,568	$ 4,956,803
Building Fund	22,304	-
Non-Major Funds:		
Charter Schools	1,362,003	51,594
Adult Education	328,731	14,722
Child Development	441,071	2,008,357
Cafeteria	216,813	1,276,124
Developer Fees Fund	579,564	153,643
Proprietary Fund:		
Self-Insurance	2,569,034	4,845
Totals	$ 8,466,088	$ 8,466,088

(Continued)

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

Transfers: Transfers consist of transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2021-2022 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for contribution to support the adult education program.	$	1,578,731
Transfer from the General Fund to the Charter Schools Fund for contribution related to the strike financial penalties.		1,081,471
Transfer from the Charter Schools Fund to the General Fund for Charter fees.		1,946,119
Transfer from the Charter Schools Fund to the General Fund for indirect costs.		13,905
Transfer from the Adult Education Fund to the General Fund for indirect costs.		45,020
Transfer from the Child Development Fund to the General Fund for indirect costs.		499,801
Transfer from the Cafeteria Fund to the General Fund for indirect costs.		657,451
Transfer from the County School Facilities Fund to the Building Fund to reimburse bond expenditures with State Bond reimbursement funds for modernization and new construction projects.		3,687,472
	$	9,509,970

(Continued)

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2022 is shown below:

	Balance July 1, 2021	Transfers and Additions	Transfers and Deductions	Balance June 30, 2022
Governmental Activities				
Non-depreciable:				
Land	$ 21,223,495	$ -	$ -	$ 21,223,495
Work-in-process	75,201,659	9,785,835	65,567,507	19,419,987
Depreciable:				
Buildings	951,392,985	70,286,270	2,831,080	1,018,848,175
Site improvements	194,744,052	736,965	458,331	195,022,686
Equipment	65,604,066	3,842,080	836,024	68,610,122
Totals, at cost	1,308,166,257	84,651,150	69,692,942	1,323,124,465
Less accumulated depreciation:				
Buildings	(493,159,007)	(25,466,442)	(2,793,522)	(515,831,927)
Site improvements	(117,082,962)	(7,829,086)	(443,054)	(124,468,994)
Equipment	(52,928,041)	(4,275,923)	(836,024)	(56,367,940)
Total accumulated depreciation	(663,170,010)	(37,571,451)	(4,072,600)	(696,668,861)
Capital assets, net	$ 644,996,247	$ 47,079,699	$ 65,620,342	$ 626,455,604

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 30,970,583
Food services	2,183,678
All other pupil services	1,608,411
Community services	210,236
All other general administration	2,030,629
Plant services	567,914
Total depreciation expense	$ 37,571,451

(Continued)

NOTE 5 – SELF-INSURANCE CLAIMS

The District has established a Self-Insurance Fund to account for employee vision benefits, employee dental benefits and workers' compensation plans. The employee vision and dental plans are self insured and contract with a third party administrator for benefits processing. Until July 31, 1998 and from July 1, 2001 through June 30, 2005, the workers' compensation plan provided coverage up to $250,000 and purchased excess insurance for claims over the retained coverage limit. Between August 1, 1998 and June 30, 2001, and after July 1, 2005, the District purchased insurance for the workers' compensation coverage.

The liability for unpaid claims and claim adjustment expenses represents the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. These claims will be paid in future years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

District management recomputes the liability annually using available updated claims data. Annually, the District obtains an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The liability for workers compensation is based on an actuarial study dated June 30, 2022 and June 30, 2021 for the years ended June 30, 2022 and June 30, 2021, respectively.

The liabilities for unpaid claims and claim adjustment expenses are as follows:

	June 30, 2021	June 30, 2022
Unpaid claim and claim adjustment expenses, beginning of year	$ 348,069	$ 458,433
Total incurred claims and claim adjustment expenses	13,796,510	13,431,429
Total payments	(13,686,146)	(13,559,589)
Total unpaid claims and claim adjustment expenses at end of year	$ 458,433	$ 330,273

(Continued)

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2022 follows:

The Series 2007, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 Serial Bonds are authorized pursuant to the Election of 2002 and Election of 2012, and are payable from property taxes levied by the County of Sacramento.

Series	Interest Rate	Original Maturity	Balance July 1, 2021	Current Year Issuance	Current Year Refunded & Matured	Balance June 30, 2022
2007 - CA	4.6 - 4.8%	2032	$ 26,077,966	$ -	$ -	$ 26,077,966
2011	0.5 - 5.5%	2029	36,815,000	-	36,815,000	-
2012	2.0 - 5.3%	2031	67,935,000	-	7,195,000	60,740,000
2013 - A	2.0 - 5.0%	2038	11,245,000	-	405,000	10,840,000
2013 - B	5.7%	2038	40,000,000	-	-	40,000,000
2014	2.0 - 5.0%	2027	28,590,000	-	3,730,000	24,860,000
2015	2.0 - 5.0%	2030	22,035,000	-	3,455,000	18,580,000
2015 C1	2.0 - 5.0%	2041	60,900,000	-	1,890,000	59,010,000
2016	2.0-4.0%	2041	12,075,000	-	400,000	11,675,000
2017 - E	3.0-5.0%	2047	91,535,000	-	1,830,000	89,705,000
2017 - C	3.0-5.0%	2047	9,615,000	-	195,000	9,420,000
2018 - F	2.46%	2025	1,500,000	-	200,000	1,300,000
2019 - D	2.375-5.0%	2049	28,100,000	-	5,300,000	22,800,000
2021 - G	0.32% - 4.00%	2050	-	77,100,000	11,195,000	65,905,000
2021 Refunding	4.00%	2030	-	33,355,000	5,005,000	28,350,000
			$ 436,422,966	$ 110,455,000	$ 77,615,000	$ 469,262,966

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 18,680,000	$ 19,673,483	$ 38,353,483
2024	22,812,074	21,111,691	43,923,765
2025	23,985,453	20,371,255	44,356,708
2026	24,721,992	19,665,896	44,387,888
2027	25,540,759	18,865,272	44,406,031
2028-2032	112,305,239	85,417,330	197,722,569
2033-2037	57,612,449	52,077,457	109,689,906
2038-2042	102,795,000	25,088,550	127,883,550
2043-2047	59,590,000	11,234,250	70,824,250
2048-2050	21,220,000	1,613,175	22,833,175
	$ 469,262,966	$ 275,118,359	$ 744,381,325

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

On October 25, 2007, the District issued 2007 General Obligation Bonds totaling $64,997,966. Bond proceeds are to be used for construction related projects.

On June 30, 2011, the District issued 2011 General Obligation Refunding Bonds totaling $79,585,000. Bond proceeds were used to refund a portion of the District's 1999 Series B, 1999 Series C, and General Obligation Refunding Bonds, Series 2001. The refunded bonds have been fully repaid.

On June 14, 2012, the District issued 2012 General Obligation Refunding Bonds totaling $113,245,000. Bond proceeds were used to advance refund all of the District's 1999 Series B, 1999 Series C, General Obligation Refunding Bonds, Series 2001, and the 2002 Series A. Proceeds were also used to advance refund a portion of the District's 1999 Series D Bonds. The refunded bonds have been fully repaid.

On June 27, 2013, the District issued 2013 Series A and Series B General Obligation Bonds totaling $70,000,000. Bond proceeds are to be used for construction related projects.

On January 15, 2014, the District issued 2014 General Obligation Refunding Bonds totaling $44,535,000. Bond proceeds were used to refund a portion of the District's 2002 General Obligation Bonds, Series 2005. The refunded bonds have been fully repaid.

On January 8, 2015, the District issued 2015 General Obligation Refunding Bonds totaling $32,740,000. Bond proceeds were used to refund the District's 2002, General Obligation Bonds, Series 2005 and 2007. The refunded bonds have been fully repaid.

On May 24, 2016, the District issued 2016 Series D General Obligation Bonds totaling $14,000,000. Bond proceeds are to be used for construction related projects.

On May 25, 2017, the District issued 2017 Series C and Series E General Obligation Bonds totaling $122,000,000. Bond proceeds are to be used for construction related projects.

On July 1, 2018, the District issued 2018 Series F General Obligation Bonds totaling $10,000,000. Bond proceeds are to be used for construction related projects.

On November 21, 2019, the District issued 2019 Series D General Obligation Bonds totaling $30,900,000. Bond proceeds are to be used for construction related projects.

On July 8, 2021, the District issued 2021 Series G General Obligation Bonds totaling $77,100,000. Bond proceeds are to be used for construction related projects.

On July 8, 2021, the District issued 2021 General Obligation Refunding Bonds totaling $33,355,000. Bond proceeds were used to refund the remaining portion of the District's 2011 GO Refunding Bonds. The refunded bonds have been fully repaid.

Although the advance refunding resulted in the recognition of an accounting loss of $141,816 for the year ended June 30, 2022, the District in effect reduced its aggregate debt service payments by $5,787,193 over the next 8 years and obtained an economic gain of $5,608,228.

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Calculation of difference in cash flow requirements and economic gain are as follows:

Calculation of Cash Flow Savings:	
Old debt service cash flows	$ 44,196,050
Less: New debt service cash flows	38,408,857
Total cash flow savings	$ 5,787,193
Calculation of Economic Gain:	
PV of old debt service cash flows	$ 42,805,309
PV of new debt service cash flows	37,197,081
Total economic gain	$ 5,608,228

Lease Revenue Bonds: On February 4, 2014, the District issued Lease Revenue Refunding Bonds, 2014 Series A and Series B, totaling $44,825,000 and $29,460,000, respectively. Bond proceeds were used to make lease payments to the District pursuant to the Facility Lease and additionally, advance refund all of the District's 2002 Variable Rate Certificates of Participation (2002 COP). The Series A and Series B Bonds are secured by certain revenues, which consist of rental payments to be made by the District out of its general fund under a facility sublease as well as interest earning on funds held under a trust agreement.

The Lease Revenue Refunding Bonds, 2014 Series A bonds bear interest at rates ranging from 2.0% to 5.0% and are scheduled to mature through 2040 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 2,770,000	$ 1,358,500	$ 4,128,500
2024	2,915,000	1,220,000	4,135,000
2025	3,025,000	1,074,250	4,099,250
2026	235,000	923,000	1,158,000
2027	-	911,250	911,250
2028-2032	-	4,556,250	4,556,250
2033-2037	9,650,000	3,861,750	13,511,750
2038-2040	8,575,000	871,500	9,446,500
	$ 27,170,000	$ 14,776,500	$ 41,946,500

NOTE 6 – LONG-TERM LIABILITIES (Continued)

The Lease Revenue Refunding Bonds, 2014 Series B bonds bear an interest rate of 4.09% and are scheduled to mature through 2033 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 200,000	$ 1,139,474	$ 1,339,474
2024	200,000	1,131,294	1,331,294
2025	240,000	1,123,114	1,363,114
2026	3,215,000	1,113,298	4,328,298
2027	3,635,000	981,805	4,616,805
2028-2032	18,185,000	2,553,816	20,738,816
2033	2,185,000	89,367	2,274,367
	$ 27,860,000	$ 8,132,168	$ 35,992,168

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2022 is shown below:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
Debt:					
General Obligation Bonds	$ 436,422,966	$ 110,455,000	$ 77,615,000	$ 469,262,966	$ 18,680,000
Accreted interest	22,869,400	2,312,750	-	25,182,150	-
Lease Revenue Bonds	57,855,000	-	2,825,000	55,030,000	2,970,000
Premium on issuance	30,500,244	16,141,944	6,625,463	40,016,725	3,095,555
Other Long-Term Liabilities:					
Net Pension Liability (Notes 8 & 9)	510,272,000	-	263,218,000	247,054,000	-
Net OPEB liability (Note 10)	317,738,269	-	9,504,754	308,233,515	-
Compensated absences	5,328,863	196,469	-	5,525,332	5,525,332
	$ 1,380,986,742	$ 129,106,163	$ 359,788,217	$ 1,150,304,688	$ 30,270,887

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Principal and interest payments on the Lease Revenue Bonds are made from the Community Facilities Fund and Developer Fees Fund. Payments on the Net Pension Liability, Net OPEB liability and compensated absences are made from the fund for which the related employee worked.

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2022 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 225,000	$ -	$ -	$ 2,000	$ 227,000
Stores inventory	105,262	-	-	1,426,207	1,531,469
Prepaid expenditures	16,100	-	-	4,280	20,380
Subtotal nonspendable	346,362	-	-	1,432,487	1,778,849
Restricted:					
Legally restricted programs:					
Grants (unspent categorical revenues)	44,818,264	-	-	-	44,818,264
Student body activities	-	-	-	1,442,007	1,442,007
Adult education operations	-	-	-	1,380,057	1,380,057
Child development	-	-	-	880,662	880,662
Cafeteria operations	-	-	-	13,159,115	13,159,115
Charter schools	-	-	-	9,347,446	9,347,446
Capital projects	-	104,526,405	-	24,844,699	129,371,104
Debt service	-	-	36,744,469	-	36,744,469
Subtotal restricted	44,818,264	104,526,405	36,744,469	51,053,986	237,143,124
Assigned:					
2021-22 LCAP Supplemental	8,598,986	-	-	-	8,598,986
Carryover Funds for Departments	6,290,527	-	-	-	6,290,527
School Site Supplemental carryover	1,002,241	-	-	-	1,002,241
Subtotal assigned	15,891,754	-	-	-	15,891,754
Unassigned:					
Designated for economic uncertainty	12,763,716	-	-	-	12,763,716
Unassigned	36,032,701	-	-	-	36,032,701
Subtotal unassigned	48,796,417	-	-	-	48,796,417
Total fund balances	$ 109,852,797	$ 104,526,405	$ 36,744,469	$ 52,486,473	$ 303,610,144

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor up to the is 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the “Special Legislation”), were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan and the Special Legislation, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-2022.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2021-2022.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2020, valuation adopted by the board in June 2021, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2021.

Employers – 16.920 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In June 2021, the CalSTRS board voted to keep the employer supplemental contribution rate the same for fiscal year 2021–22; it remained at 10.85% effective July 1, 2021.

Through the Special Legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Specifically, employers will remit 1.03%, 2.95% and 2.18% less than is required by the CalSTRS Funding Plan for fiscal years 2019–20, 2020–21 and 2021–22, respectively.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rates effective for fiscal year 2021-2022 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Pre-AB 1469 Rate	Increase per Funding Plan	SB90 and AB84 Impact[1]	Total
July 01, 2021	8.250%	10.850%	(2.180%)	16.920%
July 01, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 01, 2046	8.250%	Increase from prior rate ceases in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.50% total and no lower than 8.250%.

The District contributed $40,279,774 to the plan for the fiscal year ended June 30, 2022.

State – 10.828 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In June 2021, the board approved an increase of 0.5% for fiscal year 2021–22, which will increase the state supplemental contribution rate to 6.311% effective July 1, 2021.

Special legislation appropriated supplemental state contributions to reduce the state's portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2022-23. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, Rainy-Day Budget Stabilization Fund Act, which passed in 2014. Accordingly, the contribution amounts are subject to change each year based on the availability of funding. For fiscal year 2020–21, CalSTRS received $297.0 million in supplemental state contributions from Proposition 2 funds. Of this total, approximately $170.0 million is designated to cover forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020–21. The remaining $127.0 million is designated to reduce the state's share of CalSTRS' unfunded actuarial obligation.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2021-2022 and beyond are summarized in the table below.

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding(1)	Total
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the $72 million that is reduced from the required contribution in accordance with Education Code section 22954.
(2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 153,342,000
State's proportionate share of the net pension liability associated with the District	91,235,000
	$ 244,577,000

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2021, the District's proportion was 0.337 percent, which was a decrease of 0.039 percent from its proportion measured as of June 30, 2020.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2022, the District recognized pension expense of $21,523,128 and revenue of $24,098,441 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 384,000	$ 16,319,000
Changes of assumptions	21,727,000	-
Net differences between projected and actual earnings on investments	-	121,298,000
Changes in proportion and differences between District contributions and proportionate share of contributions	14,003,000	46,692,000
Contributions made subsequent to measurement date	40,279,774	-
Total	$ 76,393,774	$ 184,309,000

$40,279,774 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	$ (31,745,800)
2024	$ (23,112,800)
2025	$ (35,991,800)
2026	$ (41,945,467)
2027	$ (8,859,967)
2028	$ (6,539,166)

Differences between expected and actual experience and changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 . The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 312,150,000	$ 153,342,000	$ 21,535,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at obtained at:

https://www.calpers.ca.gov/docs/forms-publications/acfr- 2021.pdf

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2022 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2021-22.

Employers - The employer contribution rate was 22.91 percent of applicable member earnings.

The District contributed $16,163,003 to the plan for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of $93,712,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2021 the District's proportion was 0.461 percent, which was a decrease of 0.014 percent from its proportion measured as of June 30, 2020.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2022, the District recognized pension expense of $5,858,087. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,798,000	$ 221,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	35,964,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	10,528,000
Contributions made subsequent to measurement date	16,163,003	-
Total	$ 18,961,003	$ 46,713,000

$16,163,003 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	$ (11,966,667)
2024	$ (12,230,667)
2025	$ (9,715,666)
2026	$ (10,002,000)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 , and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1 - 10 (1)	Expected Real Rate of Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period
(2) An expected inflation rate of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

(Continued)

NOTE 9 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 158,011,000	$ 93,712,000	$ 40,329,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information - Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Notes 8 and 9, the District provides postemployment health care benefits to eligible employees and their dependents under a single employer defined benefit OPEB plan. The plan does not issue separate financial statements.

The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Education. The District's contributions to the irrevocable trust is included in the CERBT, which is included in the CalPERS CAFR. Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District's OPEB plan.

Benefits Provided: Sacramento City Unified School District's Retired Employees Healthcare Plan (REHP), is a single employer defined benefit healthcare plan administered by the Sacramento City Unified School District. The plan does not issue separate financial statements. REHP provides medical insurance benefits to eligible retirees. Benefits are a negotiated component of each bargaining unit agreement. Currently, eligible retirees receive health care benefits that are paid 100% by the District. District teachers qualify for these benefits after attaining age 55 with at least five years of consecutive service to the District, age 50 with 30 years of service (if a member prior to January 1, 2013), or approved disability retirement with 5 years of service. CalPERS employees qualify for benefits after attaining age 50 (age 52, if a new CalPERS member on or after January 1, 2013) with 5 years of State or public agency service or approved disability and meeting the requirements outlined in their respective bargaining agreements.

The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due.

Employees Covered by Benefit Terms: The following is a table of plan participants as of the June 30, 2021 valuation:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	3,098
Active employees	4,089
	7,187

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Contributions to the Plan are voluntary. Contributions to the Plan from the District were $31,199,420 for the year ended June 30, 2022.

OPEB Plan Investments: The plan discount rate of 6.8% was determined using the following asset allocation and assumed rate of return blended with the 20-year high grade municipal bond rate as of June 30, 2021:

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Year 1 - 10	Expected Real Rate of Return Years 11+
Global Equity	59%	4.80%	5.98%
Fixed Income	25	1.10	2.62
Treasury Inflation-Protected Securities	5	0.25	1.46
Real Estate Investment Trusts	8	3.20	5.00
Commodities	3	1.50	2.87

*Geometric average

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Rolling periods of time for all asset classes in combination we used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Money-weighted rate of return on OPEB plan investments	7.00%

The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Funding Method	Entry age normal, level percent of pay
General Inflation Rate	2.5%
Long Term Return on Assets	7.00% as of June 30, 2020 and June 30, 2019, net of plan investment expenses and including inflation
Discount rate	6.80% as of June 30, 2021, determined by the blending of the asset returns and the 20-year high grade municipal bond rate as of June 30, 2021 less 0.1% for trust administration fees.
Salary increase	3.0% per year, used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used as a component of assumed salary increases
Health care cost trend rate	7.00% for 2021 and 2019, decreasing 0.5 percent per year thereafter to an ultimate rate of 5.00% for year 2024 and later years.
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used For classified employees the 2017 CalPERS active mortality for miscellaneous employees were used

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Participation Rate	Active Employees: 100% of active benefits-eligible employees who qualify for District paid retiree premiums are assumed to elect to continue their current plan coverage in retirement. Those not currently covered are assumed to elect as follows: 1) Waiving SCTA Actives - SCTA Opt-Out Subsidy; 2) Waiving Non-SCTA Actives - Kaiser HMO (Mgmt/Class) 15% of active employees who qualify access to coverage in retirement, but not for District paid premiums are assumed to continue medical coverage in retirement. Retired Participants: Existing medical plan elections are assumed to be continued until age 65 (Medicare eligibility)

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2021	$ 415,066,116	$ 97,327,847	$ 317,738,269
Changes for the year:			
Service cost	8,647,600	-	8,647,600
Interest	28,912,863	-	28,912,863
Actuarial experience	-	19,605,182	(19,605,182)
Assumption changes	10,859,088	-	10,859,088
Employer contributions	-	31,199,420	(31,199,420)
Interest income	-	7,156,542	(7,156,542)
Administrative expense	-	(36,839)	36,839
Benefit payments	(21,345,655)	(21,345,655)	-
Net change	27,073,896	36,578,650	(9,504,754)
Balance, June 30, 2022	$ 442,140,012	$ 133,906,497	$ 308,233,515

(Continued)

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The changes in assumptions include a change in the discount rate from 7.0 percent in the prior valuation, to 6.8 percent in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2022, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.90 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.90 percent) and 1 percent higher (7.90 percent):

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Net OPEB liability	$ 369,356,112	$ 308,233,515	$ 257,868,745

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 5.70 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (4.70 percent) and 1 percent higher (6.70 percent):

	1% Decrease (4.70%)	Healthcare Cost Trend Rates Rate (5.70%)	1% Increase (6.70%)
Net OPEB liability	$ 253,301,677	$ 308,233,515	$ 376,526,483

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $49,411,529. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,218,033	$ 132,090,514
Changes of assumptions	30,501,321	185,966,495
Net differences between projected and actual earnings on investments	-	13,433,147
Benefits paid subsequent to measurement date	28,457,590	-
Total	$ 61,176,944	$ 331,490,156

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

$28,457,590 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,		
2023	$	(79,599,169)
2024	$	(74,663,818)
2025	$	(66,176,574)
2026	$	(39,412,715)
2027	$	(35,737,280)
Thereafter	$	(3,181,246)

Differences between projected and actual earnings on investment are amortized over a closed period of 5 years as of the June 30, 2021 measurement date. Changes in assumptions and differences between expected and actual experience are amortized over a closed period of 7.13 years as of the June 30, 2021 measurement date.

NOTE 11 – JOINT POWERS AGREEMENTS

Schools Insurance Authority: 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 joint powers agency is to be self-sustaining through member premiums. SIA enters into insurance agreements for coverage above self-insured retention layers, whereby it cedes various amounts of risk to other insurance companies or joint power authorities. SIA's Property, Liability and Workers' Compensation Programs provide self-insured retention of $100,000, $750,000 and $1,000,000 per incident, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information for SIA at June 30, 2021 (most recent information available):

Total assets	$	217,113,543
Deferred outflows	$	1,855,968
Total liabilities	$	87,859,871
Deferred inflows	$	751,640
Total net position	$	130,358,000
Total revenues	$	73,201,625
Total expenses	$	57,783,763
Change in net position	$	15,417,862

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes.

(Continued)

NOTE 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.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements of future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

At June 30, 2022, the District had approximately $18.7 million in outstanding construction contract commitments.

NOTE 13 – MANAGMENT'S PLANS

Since September 2018 when the Sacramento County Office of Education (SCOE) disapproved the District’s adopted General Fund budget for the 2018-19 fiscal year, the Board of Education, Superintendent, management, staff, and labor partners have been collaborating to identify solutions that would address the structural deficit for current and future fiscal years’ financial projections.

Due to Education Code provision, the District’s financial position resulted in a series of actions including a Fiscal Health Risk Analysis by the Fiscal Crisis and Management Assistance Team (FCMAT) and an audit by the California State Auditor. Additionally, SCOE appointed a fiscal advisor to work with the District to review the budget for accuracy and provide assistance to District staff.

In December 2018, FCMAT issued the results of its analysis that concluded, unless changes are made, the District is at risk of insolvency, which leads to a state loan and an appointed administrator. The analysis focused on identifying district systems and processes where improvements can be made. Immediately, the District began taking steps to implement business process changes and adopt FCMAT’s recommendations. Additionally, in December of 2019, the State Auditor issued its independent performance audit report on the fiscal condition of the District. The report includes several recommendations to assist the District in moving towards fiscal solvency.

The District’s proposed 2019-20 Budget continued a structural deficit into 2019-20 to allow for the time necessary to negotiate a solution that achieves long-term cost savings. SCOE recognized that the District made considerable progress towards stabilizing the budget, but disapproved the budget since the District expected to be $27 million short of the minimum required reserve in 2021-22 without an agreed upon solution.

Due to the ongoing COVID-19 pandemic, the District realized additional one-time savings in the 2019-20 and 2020-21 fiscal years that helped bolster the District’s ending fund balance. The 2021-22 fiscal year saw a decline of $37.8 million in its unrestricted fund.

Ongoing risks include a continued projected decline in enrollment and ADA, increased operating expenditures, such as rising special education costs and pension and health premium increases, and uncertain future state resources. However, the District is projecting improved fiscal stability due to the increase in on-going state funding and funding mechanisms put in place by the state to mitigate the decline in ADA.

(Continued)

NOTE 13 – MANAGMENT'S PLANS (Continued)

The District's 2022-23 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and two subsequent years. As of the 2022-23 First interim report, the District is projected to have positive cash balances at June 30 for all three fiscal years 2022-23, 2023-2024, and 2024-25. The District has taken measures to reduce expenditures and increase reserves, including the one-time savings resulting from the COVID-19 pandemic as described above. The District has passed two Student-Centered Fiscal Recovery Plans, one on February 4, 2021 and the second on December 17, 2021 to help address the District's ongoing structural deficit. The District will continue to evaluate its programs and staffing levels, and other supply and services expenditures in order to determine whether additional non-negotiable savings may be achieved.

NOTE 14 – SUBSEQUENT EVENTS

On July 21, 2022, the 2022 General Obligation, Series A were issued in total of $225,000,000. The bonds were issued under Measure H. The bonds range in maturity date with a final payoff on August 1, 2052 with interest rates ranging from 4.00% to 5.00%.

On July 21, 2022, the 2022 General Obligation Refunding Bonds were issued in total of $55,845,000. The bonds were issued to refund a certain portion of the 2012 General Obligation Refunding Bonds. The bonds range in maturity date with a final payoff on July 1, 2031 with an interest rate of 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2022

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
LCFF:				
State apportionment	$ 331,459,392	$ 330,403,324	$ 276,528,575	$ (53,874,749)
Local sources	101,290,667	106,807,567	114,895,574	8,088,007
Total LCFF	432,750,059	437,210,891	391,424,149	(45,786,742)
Federal sources	46,193,654	190,826,286	120,733,568	(70,092,718)
Other state sources	73,939,718	102,313,340	104,713,852	2,400,512
Other local sources	6,385,645	8,925,474	5,974,394	(2,951,080)
Total revenues	559,269,076	739,275,991	622,845,963	(116,430,028)
Expenditures:				
Current:				
Certificated salaries	225,805,852	241,406,944	237,235,646	4,171,298
Classified salaries	61,720,315	64,117,193	76,904,101	(12,786,908)
Employee benefits	189,329,145	186,225,105	185,060,292	1,164,813
Books and supplies	29,444,199	79,662,025	26,193,255	53,468,770
Contract services and operating expenditures	82,045,873	137,914,243	103,385,895	34,528,348
Other outgo	(150,180)	203,893	1,473,819	(1,269,926)
Capital outlay	1,781,522	15,203,478	9,148,969	6,054,509
Total expenditures	589,976,726	724,732,881	639,401,977	85,330,904
(Deficiency) excess of revenues (under) over expenditures	(30,707,650)	14,543,110	(16,556,014)	(31,099,124)
Other financing sources (uses):				
Transfers in	2,316,301	2,291,754	3,162,296	870,542
Transfers out	(266,000)	(266,000)	(2,660,202)	(2,394,202)
Total other financing sources (uses)	2,050,301	2,025,754	502,094	(1,523,660)
Change in fund balance	(28,657,349)	16,568,864	(16,053,920)	(32,622,784)
Fund balance, July 1, 2021	125,906,717	125,906,717	125,906,717	-
Fund balance, June 30, 2022	$ 97,249,368	$ 142,475,581	$ 109,852,797	$ (32,622,784)

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2022

Last 10 Fiscal Years

	2018	2019	2020	2021	2022
TOTAL OPEB LIABILITY					
Service cost	$ 33,273,763	$ 28,429,909	$ 20,002,277	$ 22,361,924	$ 8,647,600
Interest on total OPEB liability	24,982,078	28,454,100	25,888,179	26,023,049	28,912,863
Differences between expected and actual experience	-	(135,537,910)	-	(98,105,689)	-
Changes of assumptions	(89,783,252)	(83,559,205)	29,041,398	(170,763,789)	10,859,088
Benefit payments	(20,462,037)	(19,351,654)	(19,644,632)	(18,690,251)	(21,345,655)
Net change in total OPEB liability	(51,989,448)	(181,564,760)	55,287,222	(239,174,756)	27,073,896
Total OPEB liability - beginning of year (a)	832,507,858	780,518,410	598,953,650	654,240,872	415,066,116
Total OPEB liability - end of year (b)	$ 780,518,410	$ 598,953,650	$ 654,240,872	$ 415,066,116	$442,140,012
PLAN FIDUCIARY NET POSITION					
Contributions - employer	$ 48,000,844	$ 33,078,830	$ 28,640,257	$ 26,713,074	$ 31,199,420
Net investment income	3,951,473	4,395,048	4,575,947	3,013,601	26,761,724
Administrative expenses	(19,446)	(29,756)	(15,667)	(42,420)	(36,839)
Other expenses	-	(72,482)	-	-	-
Benefit payments	(20,462,037)	(19,351,654)	(19,644,632)	(18,690,251)	(21,345,655)
Change in plan fiduciary net position	31,470,834	18,019,986	13,555,905	10,994,004	36,578,650
Fiduciary trust net position - beginning of year (c)	23,287,118	54,757,952	72,777,938	86,333,843	97,327,847
Fiduciary trust net position - end of year (d)	$ 54,757,952	$ 72,777,938	$ 86,333,843	$ 97,327,847	$133,906,497
Net OPEB liability - beginning (a) - (c)	$ 809,220,740	$ 725,760,458	$ 526,175,712	$ 567,907,029	$317,738,269
Net OPEB liability - ending (b) - (d)	$ 725,760,458	$ 526,175,712	$ 567,907,029	$ 317,738,269	$308,233,515
Plan fiduciary net position as a percentage of the total OPEB liability	7%	12%	13%	23%	30%
Covered employee payroll	$ 263,777,849	$ 284,495,904	$ 271,833,894	$ 279,376,002	$302,034,133
Net OPEB liability as a percentage of covered employee payroll	275%	185%	209%	114%	102%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

See accompanying note to required supplementary information.

Other Postemployment Benefits
Last 10 Fiscal Years

	2018	2019	2020*	2021	2022
Actuarially determined contribution	$ 41,766,451	$ 29,997,546	$ 30,861,105	$ 31,958,000	$ 28,427,786
Contributions in relation to the actuarially determined contribution	(33,078,830)	(28,640,257)	(26,713,074)	(31,199,420)	(28,457,590)
Contribution deficiency (excess)	$ 8,687,621	$ 1,357,289	$ 4,148,031	$ 758,580	$ (29,804)
Covered employee payroll	$ 284,495,904	$ 271,833,894	$ 279,376,002	$ 302,034,133	$343,087,662
Contributions as a percentage of covered employee payroll	11.63%	10.54%	9.56%	10.33%	8.29%

*The ADC for the District's fiscal year end June 30, 2020 was determined as part of the June 30, 2019 valuation using a 3.90% discount rate.

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2022

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.382%	0.375%	0.371%	0.372%	0.385%	0.396%	0.376%	0.337%
District's proportionate share of the net pension liability	$233,056,000	$252,331,000	$299,780,000	$344,390,000	$353,827,000	$357,334,000	$364,571,000	$153,342,000
State's proportionate share of the net pension pension liability associated w ith the District	134,692,000	133,455,000	170,676,000	203,739,000	202,583,000	194,951,000	199,236,000	91,235,000
Total net pension liability	$367,748,000	$385,786,000	$470,456,000	$548,129,000	$556,410,000	$552,285,000	$563,807,000	$244,577,000
District's covered payroll	$170,012,000	$173,962,000	$184,718,000	$197,366,000	$202,167,000	$220,584,000	$212,770,000	$213,026,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.08%	145.05%	162.29%	174.49%	175.02%	161.99%	171.35%	71.98%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2022

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.541%	0.534%	0.533%	0.518%	0.541%	0.527%	0.475%	0.461%
District's proportionate share of the net pension liability	$ 61,440,000	$ 78,659,000	$105,299,000	$123,753,000	$144,170,000	$153,723,000	$145,701,000	$ 93,712,000
District's covered payroll	$ 56,813,000	$ 59,079,000	$ 63,963,000	$ 66,095,000	$ 72,476,000	$ 73,410,000	$ 68,605,000	$ 66,484,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	187.24%	198.92%	209.40%	212.38%	140.95%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 15,447,858	$ 19,820,280	$ 24,828,643	$ 29,172,733	$ 35,911,088	$ 36,383,635	$ 34,403,690	$ 40,279,774
Contributions in relation to the contactually required contribution	(15,447,858)	(19,820,280)	(24,828,643)	(29,172,733)	(35,911,088)	(36,383,635)	(34,403,690)	(40,279,774)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$173,962,000	$184,718,000	$197,366,000	$202,167,000	$220,584,000	$212,770,000	$213,026,000	$238,060,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2022

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 6,954,207	$ 7,577,683	$ 9,180,596	$ 11,256,216	$ 13,259,325	$ 13,529,537	$ 13,762,087	$ 16,163,003
Contributions in relation to the contactually required contribution	(6,954,207)	(7,577,683)	(9,180,596)	(11,256,216)	(13,259,325)	(13,529,537)	(13,762,087)	(16,163,003)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 59,079,000	$ 63,963,000	$ 66,095,000	$ 72,476,000	$ 73,410,000	$ 68,605,000	$ 66,484,000	$ 70,550,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in Net OPEB Liability and Related Ratios: The Schedule of Changes in Net OPEB Liability presents multi-year information which illustrates the changes in the net OPEB liability for each year presented

Schedule of the District's Contributions – OPEB: The Schedule of District Contributions is presented to illustrate the District’s required contributions relating to the OPEB. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District’s Proportionate Share of the Net Pension Liability: The Schedule of the District’s Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District’s Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District's Contributions: The Schedule of District Contributions is presented to illustrate the District’s required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rate for the Net OPEB liability was 2.92, 3.56, 4.25, 3.90, 7.00 and 6.80 percent in the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 actuarial reports, respectively.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

			Measurement Period				
Assumption	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2022

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Total
ASSETS									
Cash in County Treasury	$ -	$ 9,455,315	$ 73,183	$ (28,611)	$ 7,630,102	$ 23,082,756	$ -	$ 1,100,983	$ 41,313,728
Cash in banks	1,442,007	-	212,182	57,491	49,473	144,728	-	17,758	1,923,639
Cash in revolving account	-	-	-	-	2,000	-	-	-	2,000
Collections Awaiting Deposit	-	-	-	-	14,650	-	-	-	14,650
Receivables	-	113,484	24,805	2,405	7,269,916	75,709	4,891	1,779	7,492,989
Due from grantor government	-	916,724	1,001,503	3,269,607	-	-	-	-	5,187,834
Due from other funds	-	1,362,003	328,731	441,071	216,813	579,564	-	-	2,928,182
Prepaid expenditures	-	-	4,280	-	-	-	-	-	4,280
Stores inventory	5,934	-	-	-	1,420,273	-	-	-	1,426,207
Total assets	$ 1,447,941	$ 11,847,526	$ 1,644,684	$ 3,741,963	$ 16,603,227	$ 23,882,757	$ 4,891	$ 1,120,520	$ 60,293,509
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ -	$ 417,072	$ 235,639	$ 214,155	$ 736,255	$ 2,492	$ -	$ 7,334	$ 1,612,947
Due to grantor government	-	1,649,951	-	-	-	-	-	-	1,649,951
Unearned revenue	-	381,463	9,986	638,789	9,460	-	-	-	1,039,698
Due to other funds	-	51,594	14,722	2,008,357	1,276,124	153,643	-	-	3,504,440
Total liabilities	-	2,500,080	260,347	2,861,301	2,021,839	156,135	-	7,334	7,807,036
Fund balances:									
Nonspendable	5,934	-	4,280	-	1,422,273	-	-	-	1,432,487
Restricted	1,442,007	9,347,446	1,380,057	880,662	13,159,115	23,726,622	4,891	1,113,186	51,053,986
Total fund balance	1,447,941	9,347,446	1,384,337	880,662	14,581,388	23,726,622	4,891	1,113,186	52,486,473
Total liabilities and fund balances	$ 1,447,941	$ 11,847,526	$ 1,644,684	$ 3,741,963	$ 16,603,227	$ 23,882,757	$ 4,891	$ 1,120,520	$ 60,293,509

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2022

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Total
Revenues:									
LCFF	$ -	$ 16,622,320	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,622,320
Federal sources	-	582,763	919,200	7,124,134	28,165,890	-	-	-	36,791,987
Other state sources	-	3,670,152	2,438,615	6,200,532	280,459	-	3,682,693	-	16,272,451
Other local sources	1,080,701	(37,548)	2,225,325	1,004,884	76,135	8,161,150	9,252	1,941,924	14,461,823
Total revenues	1,080,701	20,837,687	5,583,140	14,329,550	28,522,484	8,161,150	3,691,945	1,941,924	84,148,581
Expenditures:									
Current:									
Certificated salaries	-	8,110,394	1,821,021	4,796,942	-	-	-	-	14,728,357
Classified salaries	-	939,529	1,251,203	2,495,496	8,816,798	-	-	-	13,503,026
Employee benefits	-	5,764,286	2,015,256	5,094,780	6,177,360	-	-	-	19,051,682
Books and supplies	852,712	248,551	249,981	513,663	13,014,492	-	-	-	14,879,399
Contract services and operating expenditures	-	1,930,542	1,132,497	461,245	1,046,091	173,160	-	14,992	4,758,527
Capital outlay	-	-	63,651	-	643,337	326,539	-	-	1,033,527
Debt service:									
Principal retirement	-	-	-	-	-	2,825,000	-	-	2,825,000
Interest	-	-	-	-	-	717,496	-	1,919,908	2,637,404
Total expenditures	852,712	16,993,302	6,533,609	13,362,126	29,698,078	4,042,195	-	1,934,900	73,416,922
Excess (deficiency) of revenues over (under) expenditures	227,989	3,844,385	(950,469)	967,424	(1,175,594)	4,118,955	3,691,945	7,024	10,731,659
Other financing sources (uses):									
Transfers in	-	1,081,471	1,578,731	-	-	-	-	-	2,660,202
Transfers out	-	(1,960,024)	(45,020)	(499,801)	(657,451)	-	(3,687,472)	-	(6,849,768)
Total other financing sources (uses)	-	(878,553)	1,533,711	(499,801)	(657,451)	-	(3,687,472)	-	(4,189,566)
Net change in fund balances	227,989	2,965,832	583,242	467,623	(1,833,045)	4,118,955	4,473	7,024	6,542,093
Fund balances, July 1, 2021	1,219,952	6,381,614	801,095	413,039	16,414,433	19,607,667	418	1,106,162	45,944,380
Fund balances, June 30, 2022	$ 1,447,941	$ 9,347,446	$ 1,384,337	$ 880,662	$ 14,581,388	$ 23,726,622	$ 4,891	$ 1,113,186	$ 52,486,473

Sacramento City Unified School District, a political subdivision of the State of California, was established on July 7, 1936. The territory covered by the District does not include certain areas of the City of Sacramento but does include some contiguous territory located outside city boundaries, but within Sacramento County boundaries. There were no changes in the District boundaries in the current year under audit. The District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two adult education centers, two special education centers and forty-two children's centers and preschools, serving infants through age 12. Fifteen charter schools also operated in the District serving kindergarten through grade twelve, five of which were governed by the District Board of Education.

GOVERNING BOARD

Name	Office	Term Expires
Christina Pritchett	President	December 2024
Leticia Garcia	Vice President	December 2022
Chinua Rhodes	Second Vice President	December 2024
Lisa Murawski	Member	December 2022
Jamee Villa	Member	December 2024
Darrel Woo	Member	December 2022
Lavania Grace Phillips	Member	December 2024
Jacqueline Zhang*	Student Member	June 2022

ADMINISTRATION

Jorge A. Aguilar
Superintendent

Lisa Allen
Deputy Superintendent

Brian Heap**
Chief Communications Officer

Vacant***
Chief Continuous Improvement and Accountability Officer

Bob Lyons
Chief Information Officer

Cancy McArn
Chief Human Resources Officer

Rose F. Ramos
Chief Business and Operations Officer

Vacant****
Chief Academic Officer

*Liam McGurk voted into office as the new Student Board Member in June 2022 for the 2022-23 fiscal year.
**Tara Gallegos resigned September 17, 2021. Brian Heap hired April 4, 2022.
***Vincent Harris resigned August 25, 2021.
****Christine Baeta resigned August 31, 2022.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2022

	Original Second Period Report	Audited Second Period Report	Original Annual Report	Audited Annual Report
Certificate Number:	D6647E7F	D6647E7F	871B73E2	871B73E2
Elementary:				
Transitional Kindergarten through Third	9,805	9,805	10,094	10,094
Fourth through Sixth	7,744	7,744	7,915	7,915
Seventh and Eighth	5,360	5,360	5,444	5,444
Special Education	140	140	142	142
Community Day School	7	7	9	9
	23,056	23,056	23,604	23,604
Secondary:				
Ninth through Twelfth	9,525	9,525	9,797	9,797
Special Education	92	92	89	89
Total Secondary	9,617	9,617	9,886	9,886
District ADA Totals	32,673	32,673	33,490	33,490
Charter Schools				
Certificate Number:	B3FC0875	B3FC0875	773DF431	773DF431
Bowling Green Elementary - Classroom-Based:				
Transitional Kindergarten through Third	385	385	386	386
Fourth through Sixth	306	306	306	306
Total Bowling Green Elementary Charter	691	691	692	692
Certificate Number:	E8557C97	E8557C97	DB8FD1CA	DB8FD1CA
George Washington Carver School of Arts and Science - Classroom-Based:				
Ninth through Twelfth	232	232	220	220
Certificate Number:	E4C517D6	E4C517D6	43B22FE1	43B22FE1
New Joseph Bonnheim - Classroom-Based:				
Transitional Kindergarten through Third	115	115	116	116
Fourth through Sixth	88	88	88	88
Total New Joseph Bonnheim Charter	203	203	204	204
Certificate Number:	DC73B46D	DC73B46D	916DD38F	916DD38F
New Technology High - Classroom-Based:				
Ninth through Twelfth	163	163	161	161
Certificate Number:	6AE481FD	**	27CD5D0D	**
The Met Sacramento High School - Classroom-Based:				
Ninth through Twelfth	215	-	218	-
Non-Classroom-Based:				
Ninth through Twelfth	-	215	-	218
Total Charter Schools	1,289	1,504	1,277	1,495

** Second Period Report and Annual Report for The Met Sacramento High School will be revised to properly state the ADA generat
Nonclassroom-Based ADA.

See accompanying notes to supplementary information.

Grade Level	Statutory Minutes Require-ment	2021-2022 Actual Minutes	Number of Days Traditional Calendar	Status
District				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
Grade 7	54,000	51,408	172	Out of Compliance
Grade 8	54,000	51,408	172	Out of Compliance
Grade 9	64,800	61,872	172	Out of Compliance
Grade 10	64,800	61,872	172	Out of Compliance
Grade 11	64,800	61,872	172	Out of Compliance
Grade 12	64,800	61,872	172	Out of Compliance
Bowling Green Charter School - Classroom Based				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
George Washington Carver School of Arts and Science - Classroom Based				
Grade 9	64,800	61,872	172	Out of Compliance
Grade 10	64,800	61,872	172	Out of Compliance
Grade 11	64,800	61,872	172	Out of Compliance
Grade 12	64,800	61,872	172	Out of Compliance
New Joseph Bonnheim Charter School - Classroom Based				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
New Technology High School - Classroom Based				
Grade 9	64,800	65,336	167	Out of Compliance
Grade 10	64,800	65,336	167	Out of Compliance
Grade 11	64,800	65,336	167	Out of Compliance
Grade 12	64,800	65,336	167	Out of Compliance

See accompanying notes to supplementary information.

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education		
	Special Education Cluster:		
84.027	IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611	13379	$ 9,237,550
84.027	IDEA: Private School ISP	13379	429,627
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	272,873
84.027A	IDEA: Mental Health Services, Part B, Sec 611	14468	477,100
84.173A	IDEA: Preschool Staff Development, Part B, Sec 619	13431	1,112
84.027A	IDEA: Quality Assurance & Focused Monitoring	13693	5,750
84.173A	Alternative Dispute Resolution, Part B, Sec 611	13007	68,609
	Subtotal Special Education Cluster		10,492,621
	Adult Education Program:		
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	138,809
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	1,967
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	17,690
	Subtotal Adult Education Program		158,466
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131 (Vocational Education)	14894	588,196
	Title I Program:		
84.010	ESEA (ESSA): Title I, Part Basic Grants Low-Income and Neglected	14329	13,189,910
84.010	ESEA: School Improvement Funding for LEAs	15438	1,145,222
	Subtotal Title I Program		14,335,132
	Title III Program:		
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	509,588
84.365	ESEA (ESSA): Title III, Immigrant Student Program	15146	10,426
	Subtotal Title III Program		520,014

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	$ 198,454
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Gran	14332	70,143
84.060	Indian Education (From Federal Government)	10011	68,080
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	2,209,555
84.336	Sacramento STEM Power	*	36,428
84.367	ESEA: Title II, Part A, Supporting Effective Instruction	14341	1,919,696
84.377	ESEA: Title I, School Improvement Grant (SIG)	*	1,840,297
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment	15396	2,317,429
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund 1	15536	485,624
84.425	COVID-19: ESSER II Fund	15547	47,387,066
84.425	COVID-19: ESSER III Fund	15559	18,778,834
84.425U	COVID-19: ESSER III Fund: Learning Loss	10155	4,874,982
84.425C	COVID-19: Governor's Emergency Education Relief Fund (GEER): Learning Loss Mitigation	15517	2,830,311
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	15618	2,363,315
84.425	COVID-19: ELO Grant: GEER II	15619	12,571
84.425	COVID-19: ELO Grant: ESSER III State Reserve Emergency Needs	15620	16,109
84.425	COVID-19: ELO Grant: ESSER III State Reserve Learning Loss	15621	11,861
84.425	COVID-19:After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve Afterschool Programs	15649	7,326,529
84.425	COVID-19: 21st Century Community Learning Centers (CCLC) Rate Increase ESSER III State Reserve Afterschool Programs	15651	195,392
84.425	COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	15564	6,545
84.425F	Higher Education Emergency Relief Funds (HEERF) Program	P425F204408	220,568
	Subtotal ESF Programs		84,509,707
	Total U.S. Department of Education		119,403,638

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Health and Human Services - Passed through California Department of Health Care Services		
	Child Development Coronavirus Response Programs:		
93.575	Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend - COVID - 19	15555	$ 1,930
93.575	Child Development: Federal California State Preschool Program (13-14)	*	71,140
93.596	Child Development: Federal California State Preschool Program (13-14)	13609	18,963
	Subtotal Child Development Coronavirus Response		92,033
93.674	Chafee Foster Care Independent Living	*	96,193
93.600	Head Start - Head Start Cluster	10016	6,682,071
93.566	Refugee Cash and Medical Assistance Program	*	175,399
	U.S. Department of Health and Human Services - Passed through Substance Abuse and Mental Health Services Administration		
93.243	Meadowview Project Aware Grant	*	821
	Total U.S. Department Health and Human Services		7,046,517
	U.S. Department of Agriculture - Passed through California Department of Education		
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs (e.g., School Lunch, School Breakfast, Milk, Pregnant & Lactating Students)	13396	26,763,017
10.559	Child Nutrition: Summer Food Service Program Operations	13004	806,204
	Subtotal Child Nutrition Cluster		27,569,221
10.558	Child Nutrition: Child Care Food Program	13666	2,333,551
	Total U.S. Department of Agriculture		29,902,772
	U.S. Department of Defense		
12.357	ROTC Language and Culture Training Grants	*	291,727

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Labor			
	Workforce Innovation and Opportunity Act Cluster:		
17.259	Workforce Investment Act, Youth Activities	10055	$ 165,682
U.S. Department of Treasury - Passed through California Department of Education			
21.019	COVID-19: Coronavirus Relief Funds (CRF): Learning Loss Mitigation	25516	(13,719)
	Total Federal Programs		$ 156,796,617

* District is unable to provide PCA numbers.

	Bond Interest and Redemption Fund
June 30, 2022 Unaudited Actual Financial Reporting Ending Fund Balance	$ 21,226,253
To correct debt issuance premiums recorded by the Sacramento County Treasurer	15,518,216
June 30, 2022 Audited Financial Statements Ending Fund Balance	$ 36,744,469

There were no adjustments proposed to any other funds of the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2022
(UNAUDITED)

	(Budget) 2023	2022	2021	2020
General Fund				
Revenues and other financing sources	$ 693,423,917	$ 626,008,259	$ 629,933,392	$ 557,546,896
Expenditures	651,256,668	639,401,977	591,568,014	532,129,368
Other uses and transfers out	-	2,660,202	5,507,272	2,698,262
Total outgo	651,256,668	642,062,179	597,075,286	534,827,630
Change in fund balance	$ 42,167,249	$ (16,053,920)	$ 32,858,106	$ 22,719,266
Ending fund balance	$ 152,020,046	$ 109,852,797	$ 125,906,717	$ 93,048,611
Available reserves	$ 77,956,280	$ 48,796,417	$ 45,401,679	$ 84,052,645
Designated for economic uncertainties	$ 12,954,460	$ 12,763,716	$ 11,907,405	$ 10,624,585
Undesignated fund balance	$ 65,001,820	$ 36,032,701	$ 33,494,274	$ 73,428,060
Available reserves as percentages of total outgo	12.0%	7.6%	7.6%	15.7%
All Funds				
Total long-term liabilities	$ 1,120,033,801	$ 1,150,304,688	$ 1,380,986,742	$ 1,663,304,598
Average daily attendance at P-2, excluding Adult and Charter School	34,559	32,673	38,220	38,220

The General Fund fund balance has increased by $39,523,452 over the past three years. The District has incurred operating deficits in one of the past three years, and anticipates incurring an operating deficit during the 2022-2023 fiscal year. The fiscal year 2022-2023 budget projects an increase of $42,167,249. The fiscal year 2022-2023 First Interim Budget projects an increase of $79.8 million. For a district this size, the state recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2022, the District has met this requirement.

Total long-term liabilities have decreased by $512,999,910 over the past two years.

Average daily attendance has decreased by 5,547 over the past two years. The District anticipates an increase of 1,886 ADA for the 2022-2023 fiscal year.

See accompanying notes to supplementary information.

Charter No.	Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0598	Aspire Capitol Heights Academy	Separate Report
0018	Bowling Green Charter Elementary	Included as Charter Schools Fund
0775	California Montessori Project Capitol Campus	Separate Report
1273	Capitol Collegiate Academy	Separate Report
0588	George Washington Carver School of Arts and Science	Included as Charter Schools Fund
1848	Growth Public Schools	Separate Report
0640	Language Academy of Sacramento	Separate Report
0586	The Met Sacramento High School	Included as Charter Schools Fund
1690	New Joseph Bonnheim (NJB) Community Charter School	Included as Charter Schools Fund
0585	New Technology High School	Included as Charter Schools Fund
0596	Sacramento Charter High School	Separate Report
1948	Sacramento Academic and Vocational Academy (SAVA)	Separate Report
0552	Sol Aureus College Preparatory	Separate Report
0491	St. HOPE Public School 7	Separate Report
1186	Yav Pem Suab Academy	Separate Report

SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES

For the Year Ended June 30, 2022

	Academic and Support Services*	Child Care*
Revenues		
Other local sources	$ 165,195	$ 307,702
Expenditures:		
Certificated salaries	93,834	106,412
Classified salaries	-	74,117
Employee benefits	62,733	107,009
Books and supplies	8,148	1,569
Contract services and operating expenditures	480	976
Indirect costs	-	17,619
Total expenditures	165,195	307,702
Change in fund balance	-	-
Fund balance, July 1, 2021	-	-
Fund balance, June 30, 2022	$ -	$ -

* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 69 to 70 of the financial statements for a complete presentation of the Child Development Fund.

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes of 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. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Sacramento City Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2022-2023 fiscal year, as required by the State Controller's Office.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

Schedule of First 5 Revenues and Expenditures: This schedule provides information about the First 5 Sacramento County Program.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2022, the District did not adopt this program.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance with State Laws and Regulations

Opinion on Compliance with State Laws and Regulations

We have audited Sacramento City Unified School District's (District) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide) applicable to the state laws and regulations listed below for the year ended June 30, 2022.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A, see reasoning
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A, see reasoning
Middle or Early College High Schools	N/A, see reasoning
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	N/A, see reasoning
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course-Based	N/A, see reasoning
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes

(Continued)

Attendance, for charter schools	Yes
Mode of Instruction, for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	Yes
Annual Instructional Minutes-Classroom Based	Yes
Charter School Facility Grant Program	N/A, see reasoning

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform any testing of the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any testing of Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any testing of Middle or Early College High Schools.

The District is not reported as a District of Choice per the California Department of Education, therefore we did not perform any procedures related to District of Choice.

The District did not report any ADA related to Independent Study - Course Based; therefore, we did not perform any testing of Independent Study - Course Based ADA.

The District does not have a Charter School Facility Program; therefore, we did not perform any testing of Charter School Facility Program.

In our opinion, except for the noncompliance described in the Basis of Qualified Opinion paragraph, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2022.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

As described in Finding 2022-002, 2022-003, 2022-004, 2022-005, and 2022-006 in the accompanying Schedule of Audit Findings and Questioned Costs, Sacramento City Unified School District did not comply with the requirements regarding Instructional Time, Immunizations, Charter Schools – Attendance, and Charter Schools – Annual Instructional Minutes-Classroom Based. Compliance with such requirements is necessary, in our opinion, for Sacramento City Unified School District to comply with the requirements applicable to the state laws and regulations referred to above.

Other Matter

Sacramento City Unified School District's responses to the noncompliance findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. Sacramento City Unified School District's responses were not subjected to the auditing procedures applied in the audit of State Compliance and, accordingly, we express no opinion on them.

(Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's government programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Sacramento City Unified School District
Sacramento, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District 's basic financial statements, and have issued our report thereon dated December 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sacramento City Unified School District 's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sacramento City Unified School District 's internal control. Accordingly, we do not express an opinion on the effectiveness of Sacramento City Unified School District 's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal controls that was communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2022-001.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sacramento City Unified School District 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Sacramento City Unified School District Response to Finding

Sacramento City Unified School District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questioned Costs. Sacramento City Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE FIRST 5 SACRAMENTO COUNTY PROGRAM

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance on First 5 Sacramento County Program

Opinion on Compliance on First 5 Sacramento County Program

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that could have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2022.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2022.

Basis for Opinion on Compliance with State Laws and Regulations

Our responsibility is to express an opinion on compliance on Sacramento City Unified School District's First 5 Sacramento County Program based on our audit of compliance requirements referred to above. We conducted our audit of compliance 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on First 5 Sacramento County Program occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the compliance with the requirements of laws, regulations, contracts and grants applicable to its First 5 Sacramento County Program.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing over compliance and results of that testing based on requirements of the First 5 Sacramento County Program. Accordingly, this report is not suitable of any other purposes.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sacramento City Unified School District 's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Sacramento City Unified School District 's major federal programs for the year ended June 30, 2022. Sacramento City Unified School District 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sacramento City Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sacramento City Unified School District 's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Sacramento City Unified School District 's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sacramento City Unified School District 's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sacramento City Unified School District 's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we,

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sacramento City Unified School District 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Sacramento City Unified School District 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sacramento City Unified School District 's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported

Type of auditors' report issued on compliance for major programs:

AL Number(s)	Name of Federal Program or Cluster	Type of Opinion
84.425, 84.425C, 84.425F, 84.425U	COVID-19: Education Stabilization Fund (ESF) Programs	Unmodified
84.010	Title I Programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.425, 84.425C, 84.425F, 84.425U	COVID-19: Education Stabilization Fund (ESF) Programs
84.010	Title I Programs

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee?	X Yes	____ No

STATE AWARDS

Type of auditor's' report issued on compliance for state programs: Qualified

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2022-001 DEFICIENCY - SEGREGATION OF DUTIES IN JOURNAL ENTRY PROCESSING (30000)

Criteria: Sound accounting policies and proper segregation of duties require an internal control system be in place to ensure each transaction is complete, accurate and reviewed by a knowledgeable person prior to processing.

Condition: Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. This is a repeat finding of 2021-001.

Effect: There exists opportunity for error or fraud to be committed related to financial reporting.

Cause: The design of controls within the journal entry process does not mitigate the potential for fraud or error in financial reporting.

Recommendation: We recommend that the District implement an internal control generating a log of journal entries prepared and posted by the same individual and require an independent individual to review and verify on a periodic basis.

Views of Responsible Officials and Planned Corrective Action: 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.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-002 DEFICIENCY – STATE COMPLIANCE –INSTRUCTIONAL TIME (40000)

Criteria: Determine, by grade level, the total number of days in each sampled school's attendance calendar that were of at least the minimum length required, pursuant to Education Code sections 46112, 46113, 46114, 46115, 46117, and 46119, for elementary schools, or sections 46141 and 46142, for junior high schools and high schools. Compare the total qualifying days by grade level for each sampled school to the standards set forth in Education Code section 41420 or 37670, as applicable.

Condition: In the Spring of 2021-2022 fiscal year, the District had a teacher strike in where 8 days of instructional time were not provided. As a result of these lost instructional days, the District's total instructional days fell below the requirement of 180 days at 172 days. Relatively, the number of instructional minutes by grade level fell below the minimums instructional minutes required by Education Code 46207.

Grade Level	EC 46207 Statutory Requirement	Actual Minutes
Kindergarten	36,000	34,400
Grade 1	50,400	48,144
Grade 2	50,400	48,144
Grade 3	50,400	48,144
Grade 4	54,000	51,584
Grade 5	54,000	51,584
Grade 6	54,000	51,584
Grade 7	54,000	51,408
Grade 8	54,000	51,408
Grade 9	64,800	61,872
Grade 10	64,800	61,872
Grade 11	64,800	61,872
Grade 12	64,800	61,872

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance with article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code due to the loss of instructional minutes noted.

Cause: The cause of the lost instructional days is due to the workforce strike.

Fiscal impact: The financial penalty due to the minimum number of school days of 180 days not being met is a total of $26,709,878. The financial penalty due to the minimums number of minutes by grade level not being met is a total of $19,464,545. The total fiscal impact is $46,174,423. The District has properly accrued for this payable penalty as of June 30, 2022.

Recommendation: The District should ensure minimum number of days and minutes are met for the school year.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-002 DEFICIENCY – STATE COMPLIANCE –INSTRUCTIONAL TIME (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action: The loss of instructional days and minutes was a result of a workforce strike. The District will work to ensure the minimum number of days and minutes are met for the school year. Additionally, the District has the ability to submit a waiver to the State Board of Education to make up the lost days by adding to the instructional calendar double the lost number of instructional days/minutes for two consecutive school years, contingent upon state approval and negotiations.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-003 DEFICIENCY – STATE COMPLIANCE – IMMUNIZATIONS (40000)

Criteria: Verify that each pupil had two doses of a varicella vaccine and two doses of a measles vaccine as required by Title 17, California Code of Regulations section 6025 prior to admission, or has a current medical exemption from varicella and measles immunization on file. If the pupil had only one dose of either vaccine prior to admission, verify the second dose was received within four calendar months after the first dose.

Condition: Immunization records evidencing a second dose of varicella and measles vaccine were not obtained for one student, however, the student was admitted and attendance was claimed for the disallowed period.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance with the Title 17, California Code of Regulations section 6025 due to the inconsistency noted.

Cause: The District improperly admitted the student and claimed average daily attendance in the period in which the second dose had not yet been received.

Fiscal impact: The impact of this error is a total of $6,263.

Recommendation: The District should ensure the Title 17, California Code of Regulations section 6025 requirements are properly followed prior to admission.

Views of Responsible Officials and Planned Corrective Action: The District has established deadlines for immunization compliance, as well as a number of guides and reports to use in monitoring immunization, that is communicated at the beginning of the school year to school sites and the centralized enrollment center. In the summer months, the District sends families personalized notices about missing immunizations. The District also provides a free SCUSD Immunization Clinic for qualified students that runs before school starts and on a weekly basis throughout the school year. In addition to this resources, the District Student Support and Health Services Department will provide a monthly report to each school site with the list of students who are not compliant for immunizations. The reports will be accompanied by a list of action steps to schools must take to ensure all students are compliant. To ensure accountability, the District Student Support and Health Services Department will follow-up directly with school sites who do not take action. The District will increase notifications and updates throughout the year to ensure new staff are up to date on immunization resources and required action steps.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-004 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL ATTENDANCE (10000)

Criteria: Verify that the number of school days reported on the Annual attendance report, which should not include any emergency closure days, corresponds to the number of school days on the school calendar and should not fall below 175 days pursuant to Education Code section 47612.

Condition: In the Spring of 2021-2022 fiscal year, the District's Charter Schools had a teacher strike in where 8 days of instructional time were not provided. As a result of these lost instructional days, the Bowling Green, George Washington Carver School of Arts and Science, and New Jospeph Bonnheim Charter Schools' total instructional days fell below the requirement of 175 days at 172 days. New Technology High Charter fell below the requirement of 175 days at 167 days.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance Education Code section 47612 due to the loss of instructional days noted.

Cause: The cause of the lost instructional days is due to the workforce strike.

Fiscal impact: The financial penalty due to the minimum number of school days of 175 days not being met is a total of $314,621. The District has properly accrued for this payable penalty as of June 30, 2022.

Recommendation: The District should ensure minimum number of days and minutes are met for the school year.

Views of Responsible Officials and Planned Corrective Action: The loss of instructional days and minutes was a result of a workforce strike. The District will work to ensure the minimum number of days and minutes are met for the school year. Additionally, the District has the ability to submit a waiver to the State Board of Education to make up the lost days by adding to the instructional calendar double the lost number of instructional days/minutes for two consecutive school years, contingent upon state approval and negotiations.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-005 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL ATTENDANCE (10000)

Criteria: Education Code Section 41601. For purposes of this chapter, the governing board of each school district shall report to the Superintendent during each fiscal year the average daily attendance of the school district for all full school months during (1) the period between July 1 and December 31, inclusive, to be known as the "first period" report for the first principal apportionment, and (2) the period between July 1 and April 15, inclusive, to be known as the "second period" report for the second principal apportionment. Each county superintendent of schools shall report the average daily attendance for the schools and classes maintained by the county superintendent of schools and the average daily attendance for the county school tuition fund. Each report shall be prepared in accordance with instructions on forms prescribed and furnished by the Superintendent.

Condition: The District reported The Met Sacramento High School ADA as Classroom-Based ADA in the Second Period Report and Annual Report for the year ended June 30, 2022. The Met Sacarmento High School is a Nonclassroom-based program and the ADA should therefore, have been reported as Nonclassroom-based ADA.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance Education Code section 41601.

Cause: This was caused by a clerical error.

Fiscal impact: Not determinable.

Recommendation: The District should ensure ADA is reported on the proper line items in the Second Period Report as well as the Period Annual report.

Views of Responsible Officials and Planned Corrective Action: The District has identified the error and corrections necessary to accurately report the 2021-22 P-2 and Annual ADA for The Met. Management will revise the Second Period Report and the Annual Report and resubmit to the California Department of Education.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-006 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL – ANNUAL INSTRUCTIONAL MINUTES – CLASSROOM BASED (40000)

Criteria: Determine, by grade level, the total number of days in each sampled charter school's attendance calendar that were of at least the minimum length required, pursuant to Education Code section 47612.5(a)(1).

Condition: In the Spring of 2021-2022 fiscal year, the District's Charter Schools had a teacher strike in where 8 days of instructional time were not provided. As a result of these lost instructional days, the Bowling Green, George Washington Carver School of Arts and Science, and New Jospeph Bonnheim Charter Schools' total instructional days fell below the requirement of 175 days at 172 days. New Technology High Charter fell below the requirement of 175 days at 167 days. Relatively, the number of instructional minutes by grade level fell below the minimums instructional minutes required by Education Code 47612.5.

Grade Level	EC 47612.5 Statutory Requirement	Actual Minutes
Kindergarten	36,000	34,400
Grade 1	50,400	48,144
Grade 2	50,400	48,144
Grade 3	50,400	48,144
Grade 4	54,000	51,584
Grade 5	54,000	51,584
Grade 6	54,000	51,584
Grade 9	64,800	61,872
Grade 10	64,800	61,872
Grade 11	64,800	61,872
Grade 12	64,800	61,872

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance with Education Code section 47612.5(a)(1) due to the loss of instructional day and minutes noted.

Cause: The cause of the lost instructional days is due to the workforce strike.

Fiscal impact: The financial penalty due to the minimum number of school days of 175 days not being met is quantified above in Finding 2022-005. The financial penalty due to the minimums number of minutes by grade level not being met is a total of $463,970. The total fiscal impact is $778,591. The District has properly accrued for this payable penalty as of June 30, 2022.

Recommendation: The District should ensure minimum number of days and minutes are met for the school year.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-006 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL – ANNUAL INSTRUCTIONAL MINUTES – CLASSROOM BASED (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action: The loss of instructional days and minutes was a result of a workforce strike. The District will work to ensure the minimum number of days and minutes are met for the school year. Additionally, the District has the ability to submit a waiver to the State Board of Education to make up the lost days by adding to the instructional calendar double the lost number of instructional days/minutes for two consecutive school years, contingent upon state approval and negotiations.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

2021-001 DEFICIENCY - SEGREGATION OF DUTIES IN JOURNAL ENTRY PROCESSING (30000)

Condition: Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. This is a repeat finding of 2020-002.

Recommendation: We recommend that the District implement an internal control generating a log of journal entries prepared and posted by the same individual and require an independent individual to review and verify on a periodic basis.

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2022-001.

2021-002 STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Condition: At the following sites, Bowling Green Elementary and West Campus High, one or more attributes on the school accountability report card was not consistent with the information on the Facility Inspection Tool (FIT) for the site.

Recommendation: The District should ensure the school accountability report cards are completed appropriately based on the information of the most recent Facility Inspection Tool.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.