

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
Sacramento, California

**FINANCIAL STATEMENTS**  
June 30, 2012

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2012**

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## REPORT OF INDEPENDENT AUDITORS

Board of Education  
Sacramento City Unified School District  
Sacramento, California

We have audited the accompanying financial statements of the governmental 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, 2012, which collectively comprise Sacramento City Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Sacramento City Unified School District as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012 on our consideration of Sacramento City Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 10 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule and Schedule of Other Postemployment Benefits (OPEB) Funding Progress on pages 49 and 50 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sacramento City Unified School District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplemental information listed in the table of contents, except for the Schedule of Financial Trends and Analysis, have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplemental information listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated in all material respects in relation to the financial statements as a whole. The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 12, 2012

## **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. 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 twelfth largest school district in California in terms of 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 Superintendent of Schools of Sacramento County, although the District has attained "fiscal accountability" status under the State Education Code.

The District operates 50 elementary schools, five K-8 schools, nine middle schools, one 7 – 12 school, seven comprehensive high schools (9-12), one independent study school, two continuation/alternative schools, two special education centers, three adult education centers, and 12 charter schools (including both dependent and independent) and 47 children's centers/preschools serving infants through age 12.

For the 2011-12 school year, the District's CBEDs enrollment was 47,939. Much like the rest of the state, the District has experienced declining enrollment in past years. An increase in enrollment for 2011-12 was welcome news to the District; however, enrollment is projected to continue its downward trend.

The District is governed by a Board of Education consisting of seven members and one 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, Board member elections starting with the November 4, 2008 election, are no longer held district-wide, but instead are held among voters who reside in each of seven newly created trustee areas.

### **Mission and Strategic Plan**

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 *Strategic Plan 2010-14: Putting Children First*

- **Career and College Ready Students:** When children graduate from our schools, they will leave us as globally competitive, lifelong learners, prepared for college or a 21<sup>st</sup> Century career path of their choosing.
- **Family and Community Engagement:** Families are our most important allies, and we will develop opportunities for them to participate in their children's education. We will remake our campuses into welcoming, vibrant community hubs and seek out community partners who can provide broad learning opportunities for students.
- **Organizational Transformation:** Our structure will transform to better serve our school sites, provide acute focus on teaching and learning and create a culture of continuous improvement. We will recruit, train, retain and compensate a highly capable and diverse workforce. We will hold ourselves accountable for results.

### **District Practices**

In 2005, the District received a three year ISO 9001:2000 certification by ABS Quality Evaluations, Inc. with respect to certain district central office operations found to be in conformity with international standards, including accounting, budget and information services, risk management, internal audit and seven other areas of management controls. The District was re-certified in May 2008 and again in 2011. ISO 9001:2000 is an internationally recognized standard developed by ISO, the International Organization of Standardization that provides organizations guidance for establishing, improving and maintaining effective management systems. ISO is a non-governmental network of the national standards institutes of 162 countries that develops standards for various industries and sectors through technical committees comprising experts from the relevant sector. The District is one of a very small number of school districts in the country to have received the certification, and is the first school district in California to have done so.

### **Financial Reports**

The audit report consists of a series of financial reports. The Statement of Net Assets and Statement of Activities report the district-wide financial condition and activities of the District taken as a whole. These two financial statements start on page 11. The individual fund statements, which focus on reporting the District's operations in more detail, begin on page 13.

### **District-wide Financial Condition**

The Statement of Net Assets is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Fiscal year 2001-02 was the first year the District accounted for the value of fixed assets and included these values as part of financial statements. We display 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 of our school sites have low values for even today's market 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 Assets is summarized in the following table:

|                | <b>June 30, 2012</b> | <b>June 30, 2011</b> |
|----------------|----------------------|----------------------|
| Capital Assets | \$ 497,156,835       | \$ 506,092,680       |
| Other Assets   | \$ 210,023,174       | \$ 212,689,249       |
| Total Assets   | \$ 707,180,009       | \$ 718,781,929       |

|   |                 |                 |
|---|-----------------|-----------------|
| Current and Other Liabilities                                     | \$ 114,147,721  | \$ 84,103,282   |
| Long-Term Liabilities   | \$ 567,575,412  | \$ 556,010,216  |
| Total Liabilities   | \$ 681,723,133  | \$ 640,113,498  |
|   |                 |                 |
| Net Assets Invested in<br>Capital Assets (net of related<br>debt) | \$ 82,620,106   | \$ 90,446,147   |
| Restricted Net Assets   | \$ 70,465,246   | \$ 92,956,612   |
| Unrestricted Net Assets   | \$ -127,628,476 | \$ -104,734,328 |
| Total Net Assets  | \$ 25,456,876   | \$ 78,668,431   |

Total Net Assets decreased primarily due to an increase in total accumulated depreciation and smaller increases in buildings and improvements.

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, 2012  | June 30, 2011  |
|--|----------------|----------------|
| <b>Expenses</b>                            |                |                |
| Governmental Activities:                   |                |                |
| Instruction                                | \$ 330,723,808 | \$ 306,887,194 |
| Instruction-Related Services               | \$ 62,720,728  | \$ 66,802,679  |
| Pupil Services                             | \$ 56,869,086  | \$ 55,084,410  |
| General Administration                     | \$ 20,912,299  | \$ 18,066,997  |
| Plant Services                             | \$ 44,073,004  | \$ 45,395,940  |
| Interest on Long-Term Debt                 | \$ 15,840,293  | \$ 21,766,932  |
| All Other Expenses and Outgo               | \$ 5,875,554   | \$ 4,330,093   |
| Total Governmental Activity Expenses       | \$ 537,014,772 | \$ 518,334,245 |
| <b>Revenues</b>                            |                |                |
| Charges For Services                       | \$ 2,117,528   | \$ 2,237,629   |
| Operating Grants and Contributions         | \$ 152,108,398 | \$ 167,029,411 |
| Capital Grants and Contributions           | \$ 731,519     | \$ 572,374     |
| Taxes Levied for General Purposes          | \$ 60,169,688  | \$ 61,609,735  |
| Taxes Levied for Debt and Special Purposes | \$ 29,389,711  | \$ 28,985,489  |
| Unrestricted Federal and State Aid         | \$ 227,134,803 | \$ 227,074,595 |
| Interest and Investment Earnings           | \$ 876,395     | \$ 459,920     |
| Interagency Revenues                       | \$ 0           | \$ 1,524,095   |
| Miscellaneous                              | \$ 11,275,175  | \$ 9,978,447   |
| Total Revenues                             | \$ 483,803,217 | \$ 499,471,695 |
| Change in Net Assets                       | \$ -53,211,555 | \$ -18,862,550 |

General Administration expenses were up in 2011-12 as negative expenditures increased by approximately \$1.5 million due to additional indirect costs of ARRA grants and higher indirect. In 2011-12 CASA fees were paid, an expense that did not occur in 2010-11.

District revenues were adversely affected by a significant reduction in operating grants and contributions. \$14,258,671 of American Recovery Reinvestment Act Funds available in 2010-11 were no longer available in 2011-12.

## 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 take into account 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, 2012:

|                            | <b>Adopted Budget</b> | <b>Year End Budget</b> | <b>Actual</b> |
|----------------------------|-----------------------|------------------------|---------------|
| Total Revenues             | \$ 363,645,123        | \$403,288,875          | \$389,906,120 |
| Total Expenditures         | \$ 364,535,036        | \$432,042,932          | \$408,025,782 |
| Total Other Sources/(Uses) | \$ 4,680,250          | \$ 4,798,411           | \$ 4,833,733  |

The net revenue increase between Adopted and Year End budget was \$39,643,752 due to current year budgets for categorical funds, which are budgeted as grant award documents are received. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated mid-year.

The net increase to the total expenditure budget between Adopted and Year End budget was \$67,507,904, due to revisions to set up expenditures related to categorical program funds which are budgeted after July 1 as grant award documents are received and school site plans are approved.

The net change to the total Other Financing Sources and Uses budget between Adopted and Year End budget was \$118,161 due to additional funds transferred from the Deferred Maintenance Fund (Tier III program) to cover planned operating expenditures in the General Fund.

Actual revenues were \$13,382,755 or 3.4%, below Year End budget due primarily to unspent and unearned categorical revenue. Actual expenditures were \$24,017,150, or 5.6%, below Year End budget due to unspent categorical revenue and unspent school site program funds.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2012:

|                                |                |
|--------------------------------|----------------|
| Total Revenue                  | \$ 389,906,120 |
| Total Expenditures             | \$ 408,025,782 |
| Other Financing Sources & Uses | \$ 4,833,733   |
| Net Change                     | \$ -13,285,929 |

The General Fund ending balance increased based on planned carryover to assist with the budget shortfall for 2012-13. Future financial performance is dependent on management's ability to continue to control expenses and maintain revenue levels. As evidenced in previous years' budget reductions, the Board has been proactive in making any necessary budget adjustments to maintain district fiscal integrity.

### 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 recent passage of Bond Measures Q and R we will begin the planning and design of facility improvements to enhance the learning environment.

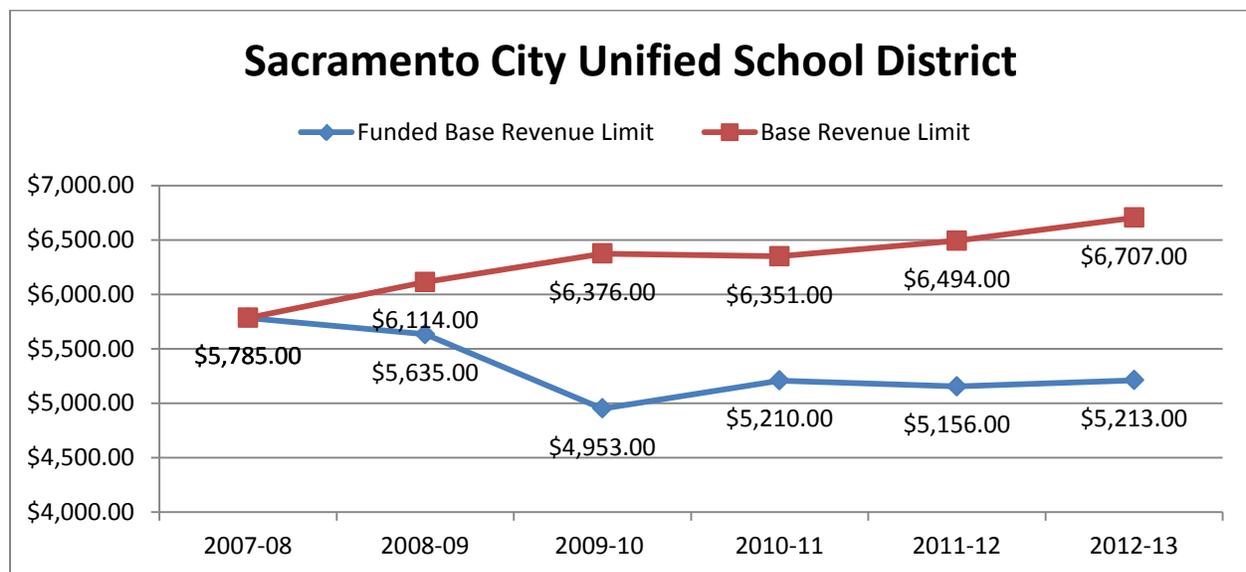
### District Indebtedness

As of June 30, 2012 the District has incurred \$567,575,412 of long-term liabilities. Of this amount, \$313,677,966 is General Obligation Bonds backed by property tax increases voted on by district residents in 1999 and 2002, and \$1,230,000 is a Special Tax Bond, also backed by property tax increases voted on by residents.

### Financial Issues

Over the last several years, California has experienced severe budget crises, causing fluctuations in available revenues. While there was a slight increase in funding for school districts for the 2007-08 fiscal year, the continuous variation makes it very difficult for planning and providing a high level of programs and support for our students. The table below shows the unstable trend in state school funding.

### Change in Per Pupil Funding



## **Funding**

The District's average daily attendance decreased by 231 over the prior year. Declining enrollment and new charter schools contributed to the reduction. Staff have made student attendance a priority and are working diligently to identify student absences early in the school year to provide supports to increase the time spent in the classroom.

## **Health Care Costs**

District-wide Health Care costs have been growing dramatically and continue to do so in this budget year. Rate increases continue to rise much faster than funding increases which negatively impacts the District's budget.

The District provides lifetime health benefits to all retired teachers and certain other employees who meet predetermined criteria. The annual actual payments for retiree benefits are included in the District-wide Health Care costs. The District obtains an actuarial report at least every three years to determine the unfunded future liability for lifetime benefits.

|                          |                  |
|--------------------------|------------------|
| December 2006 Liability  | \$ 505.7 Million |
| December 2008 Liability  | \$ 552.4 Million |
| December 2010 Liability  | \$ 591.6 Million |
| Total Increase from 2006 | \$ 85.9 Million  |

Through the negotiations process, efforts to fund the liability have started. Changes effective with the 2010-11 school year have been implemented. An updated actuarial report will be presented to the Board in the spring of 2013.

## **Categorical Funding**

As school revenues increased during the boom times of the late 1990s, much of the funds came to schools with strings attached. The 2008-09 fiscal year was instrumental in freeing up some of the strings attached to many state categorical programs – known as Tier III programs. As most state programs received a reduction in funding, districts were provided flexibility to use these funds to support any educational program. The use of these funds was again instrumental in allowing the district to maintain a balanced budget while facing mid-year reductions.

## **The District's Future**

During many years of funding reductions and increasing costs, the District has had to significantly reduce expenditures. The Board of Education and Superintendent have made it a priority to limit reductions that affect the classroom. However, despite best efforts, budget reductions have had a negative impact on the classroom. These difficult decisions helped enable the District to bring its General Fund expenditures in line with its revenue.

However, the District is again facing financial challenges. State direction to districts for 2012-13 is to budget for flat funding from the prior year. Mid-year budget reductions remain a possibility. In addition, on-going expenditure increases such as health and welfare increases and the use of one-time funds to balance 2012-13 will create the need for additional budget reductions.

The District will be looking at its *Strategic Plan 2010-14: Putting Children First* to fund priorities as the budget cycle continues.

Additionally, the Board of Education, Superintendent and staff have dedicated substantial time reviewing and discussing the criteria and process for school consolidation and closures. District-wide, schools are operating at 56% of student capacity. There is no doubt that the next several years will continue to be difficult financially. As we continue to work with our stakeholders and partners, their input, ideas and support will be necessary to maintain a fiscally sound district. Staff will continue to work closely with the Board of Education to ensure the District maintains its solid fiscal status.

### **Contacting the District's Financial Management**

If you have questions regarding this report or need additional financial information, contact the Chief Business Officer at (916) 643-9055.

## **BASIC FINANCIAL STATEMENTS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>ASSETS</b>  |                                    |
| Cash and investments (Note 2)  | \$ 79,239,913                      |
| Receivables  | 124,157,811                        |
| Prepaid expenditures   | 6,070,392                          |
| Stores inventory   | 555,058                            |
| Non-depreciable capital assets (Note 4)                              | 20,527,231                         |
| Depreciable capital assets, net of accumulated depreciation (Note 4) | <u>476,629,604</u>                 |
| Total assets   | <u>707,180,009</u>                 |
| <b>LIABILITIES</b>   |                                    |
| Accounts payable   | 21,448,555                         |
| Unpaid claims and claim adjustment expenses (Note 5)                 | 2,153,061                          |
| Deferred compensation (Note 2)                                       | 8,185,424                          |
| TRANS payable (Note 6)   | 75,000,000                         |
| Deferred revenue   | 7,360,681                          |
| Long-term liabilities (Note 7):                                      |                                    |
| Due within one year  | 38,108,638                         |
| Due after one year   | <u>529,466,774</u>                 |
| Total liabilities  | <u>681,723,133</u>                 |
| <b>NET ASSETS</b>  |                                    |
| Invested in capital assets, net of related debt                      | 82,620,106                         |
| Restricted (Note 8)  | 70,465,246                         |
| Unrestricted   | <u>(127,628,476)</u>               |
| Total net assets   | <u>\$ 25,456,876</u>               |

See accompanying notes to financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

|   |                       | Program Revenues            |   |   |   |                                |
|---|-----------------------|-----------------------------|---|---|---|--------------------------------|
|   | <u>Expenses</u>       | <u>Charges For Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Asset</u> | <u>Governmental Activities</u> |
| Governmental activities (Note 4):                         |                       |                             |   |   |   |                                |
| Instruction   | \$ 330,723,808        | \$ 261,499                  | \$ 80,943,648                             | \$ 731,519                              | \$ (248,787,142)                                      |                                |
| Instruction-related services:                             |                       |                             |   |   |   |                                |
| Supervision and administration                            | 25,765,933            | 215,522                     | 19,434,656                                | -                                       | (6,115,755)   |                                |
| Library, media and technology                             | 3,194,071             | 5                           | 923,419                                   | -                                       | (2,270,647)   |                                |
| School site administration                                | 33,760,724            | 6,201                       | 1,979,333                                 | -                                       | (31,775,190)  |                                |
| Pupil services:   |                       |                             |   |   |   |                                |
| Home-to-school transportation                             | 12,784,805            | 184,142                     | 6,416,851                                 | -                                       | (6,183,812)   |                                |
| Food services   | 18,517,767            | 1,005,403                   | 18,253,983                                | -                                       | 741,619   |                                |
| All other pupil services                                  | 25,566,514            | 180,562                     | 18,081,372                                | -                                       | (7,304,580)   |                                |
| General administration:                                   |                       |                             |   |   |   |                                |
| Centralized data processing                               | 2,466,068             | 2,693                       | 24,562                                    | -                                       | (2,438,813)   |                                |
| All other general administration                          | 18,446,231            | 60,582                      | 3,133,841                                 | -                                       | (15,251,808)  |                                |
| Plant service   | 44,073,004            | 185,807                     | 2,640,981                                 | -                                       | (41,246,216)  |                                |
| Ancillary services  | 1,912,316             | 233                         | 13,846                                    | -                                       | (1,898,237)   |                                |
| Community services  | 406,003               | -                           | 72,492                                    | -                                       | (333,511)   |                                |
| Enterprise activities                                     | 142,584               | 14,879                      | 135,706                                   | -                                       | 8,001   |                                |
| Other outgo   | 3,414,651             | -                           | 53,708                                    | -                                       | (3,360,943)   |                                |
| Interest on long-term liabilities                         | 15,840,293            | -                           | -   | -                                       | (15,840,293)  |                                |
| <b>Total governmental activities</b>                      | <b>\$ 537,014,772</b> | <b>\$ 2,117,528</b>         | <b>\$ 152,108,398</b>                     | <b>\$ 731,519</b>                       | <b>(382,057,327)</b>                                  |                                |
| General revenues:   |                       |                             |   |   |   |                                |
| Taxes and subventions:                                    |                       |                             |   |   |   |                                |
| Taxes levied for general purposes                         |                       |                             |   |   | 60,169,688  |                                |
| Taxes levied for debt service                             |                       |                             |   |   | 26,069,741  |                                |
| Taxes levied for other specific purposes                  |                       |                             |   |   | 3,319,970   |                                |
| Federal and state aid not restricted to specific purposes |                       |                             |   |   | 227,134,803   |                                |
| Interest and investment earnings                          |                       |                             |   |   | 876,395   |                                |
| Miscellaneous   |                       |                             |   |   | 11,275,175  |                                |
|   |                       |                             |   |   | <u>328,845,772</u>                                    |                                |
|   |                       |                             |   |   | (53,211,555)  |                                |
|   |                       |                             |   |   | <u>78,668,431</u>                                     |                                |
|   |                       |                             |   |   | <u>\$ 25,456,876</u>                                  |                                |

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2012

|  | <u>General<br/>Fund</u> | <u>Building<br/>Fund</u> | <u>All<br/>Non-Major<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--------------------------|------------------------------------|---|
| <b>ASSETS</b>                            |                         |                          |                                    |   |
| Cash and investments:                    |                         |                          |                                    |   |
| Cash in County Treasury                  | \$ 8,287,352            | \$ 22,717,479            | \$ 23,396,091                      | \$ 54,400,922                           |
| Cash on hand and in banks                | -                       | -                        | 315,885                            | 315,885                                 |
| Cash in revolving fund                   | 225,000                 | -                        | 2,000                              | 227,000                                 |
| Cash awaiting deposit                    | 371,914                 | -                        | 3,250,122                          | 3,622,036                               |
| Cash with Fiscal Agent                   | -                       | 2,949,933                | 3,487,312                          | 6,437,245                               |
| Local Agency Investment Fund (LAIF)      | -                       | 901,945                  | -                                  | 901,945                                 |
| Deferred compensation                    | 8,185,424               | -                        | -                                  | 8,185,424                               |
| Receivables                              | 105,139,872             | 51,189                   | 14,690,606                         | 119,881,667                             |
| Due from other funds                     | 6,742,101               | 1,226                    | 6,905,781                          | 13,649,108                              |
| Prepaid expenditures                     | 2,254                   | -                        | -                                  | 2,254                                   |
| Stores inventory                         | <u>119,219</u>          | <u>-</u>                 | <u>435,839</u>                     | <u>555,058</u>                          |
| Total assets                             | <u>\$ 129,073,136</u>   | <u>\$ 26,621,772</u>     | <u>\$ 52,483,636</u>               | <u>\$ 208,178,544</u>                   |
| <b>LIABILITIES AND<br/>FUND BALANCES</b> |                         |                          |                                    |   |
| Liabilities:                             |                         |                          |                                    |   |
| Accounts payable                         | \$ 14,913,987           | \$ 2,344,349             | \$ 1,918,501                       | \$ 19,176,837                           |
| TRANS payable                            | 75,000,000              | -                        | -                                  | 75,000,000                              |
| Deferred compensation                    | 8,185,424               | -                        | -                                  | 8,185,424                               |
| Deferred revenue                         | 1,767,694               | -                        | 5,592,987                          | 7,360,681                               |
| Due to other funds                       | <u>8,092,536</u>        | <u>732,393</u>           | <u>3,087,741</u>                   | <u>11,912,670</u>                       |
| Total liabilities                        | <u>107,959,641</u>      | <u>3,076,742</u>         | <u>10,599,229</u>                  | <u>121,635,612</u>                      |
| Fund balances:                           |                         |                          |                                    |   |
| Nonspendable                             | 346,473                 | -                        | 437,839                            | 784,312                                 |
| Restricted                               | 8,534,646               | 23,545,030               | 41,446,568                         | 73,526,244                              |
| Assigned                                 | 3,252,554               | -                        | -                                  | 3,252,554                               |
| Unassigned                               | <u>8,979,822</u>        | <u>-</u>                 | <u>-</u>                           | <u>8,979,822</u>                        |
| Total fund balances                      | <u>21,113,495</u>       | <u>23,545,030</u>        | <u>41,884,407</u>                  | <u>86,542,932</u>                       |
| Total liabilities and fund balances      | <u>\$ 129,073,136</u>   | <u>\$ 26,621,772</u>     | <u>\$ 52,483,636</u>               | <u>\$ 208,178,544</u>                   |

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -**  
**TO THE STATEMENT OF NET ASSETS**

**June 30, 2012**

Total fund balances - Governmental Funds \$ 86,542,932

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$886,636,755 and the accumulated depreciation is \$389,479,920 (Note 4). 497,156,835

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, 2012 consisted of (Note 7):

|                               |                    |               |
|-------------------------------|--------------------|---------------|
| Special Tax Bonds             | \$ (1,230,000)     |               |
| General Obligation Bonds      | (313,677,966)      |               |
| Premium on issuance           | (19,085,099)       |               |
| Accreted interest             | (6,220,095)        |               |
| Certificates of Participation | (81,555,000)       |               |
| Capitalized lease obligations | (107,759)          |               |
| PARS 403(b)                   | (4,751,214)        |               |
| Net OPEB liability (Note 10)  | (133,983,455)      |               |
| Compensated absences          | <u>(6,964,824)</u> |               |
|                               |                    | (567,575,412) |

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net assets of the Self-Insurance Fund are: 3,840,353

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: (575,970)

Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds. 6,068,138

Total net assets - governmental activities \$ 25,456,876

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2012**

|  | <u>General<br/>Fund</u> | <u>Building<br/>Fund</u> | <u>All<br/>Non-Major<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|--------------------------|------------------------------------|---|
| <b>Revenues:</b>   |                         |                          |                                    |   |
| Revenue limit sources:                                       |                         |                          |                                    |   |
| State apportionment  | \$ 165,358,995          | \$ -                     | \$ 8,281,100                       | \$ 173,640,095                          |
| Local sources  | <u>55,206,471</u>       | <u>-</u>                 | <u>-</u>                           | <u>55,206,471</u>                       |
| Total revenue limit  | <u>220,565,466</u>      | <u>-</u>                 | <u>8,281,100</u>                   | <u>228,846,566</u>                      |
| Federal sources  | 47,367,141              | -                        | 33,063,663                         | 80,430,804                              |
| Other state sources  | 108,799,926             | -                        | 14,726,692                         | 123,526,618                             |
| Other local sources  | <u>13,173,587</u>       | <u>220,408</u>           | <u>37,605,231</u>                  | <u>50,999,226</u>                       |
| Total revenues   | <u>389,906,120</u>      | <u>220,408</u>           | <u>93,676,686</u>                  | <u>483,803,214</u>                      |
| <b>Expenditures:</b>   |                         |                          |                                    |   |
| Certificated salaries  | 170,919,753             | -                        | 14,775,203                         | 185,694,956                             |
| Classified salaries  | 52,722,192              | 281,237                  | 14,039,093                         | 67,042,522                              |
| Employee benefits  | 110,321,022             | 61,180                   | 15,881,785                         | 126,263,987                             |
| Books and supplies   | 12,506,975              | 165,225                  | 10,357,865                         | 23,030,065                              |
| Contract services and operating<br>expenditures              | 55,661,409              | 634,844                  | 4,546,555                          | 60,842,808                              |
| Capital outlay   | 3,877,564               | 22,383,637               | 118,958                            | 26,380,159                              |
| Other outgo  | 23,414                  | -                        | 1,974                              | 25,388                                  |
| Debt service:  |                         |                          |                                    |   |
| Principal retirement   | 1,138,500               | 250,000                  | 10,100,000                         | 11,488,500                              |
| Interest   | <u>854,953</u>          | <u>2,369,330</u>         | <u>14,413,320</u>                  | <u>17,637,603</u>                       |
| Total expenditures   | <u>408,025,782</u>      | <u>26,145,453</u>        | <u>84,234,753</u>                  | <u>518,405,988</u>                      |
| (Deficiency) excess of revenues<br>(under) over expenditures | <u>(18,119,662)</u>     | <u>(25,925,045)</u>      | <u>9,441,933</u>                   | <u>(34,602,774)</u>                     |
| <b>Other financing sources (uses):</b>                       |                         |                          |                                    |   |
| Operating transfers in                                       | 4,734,799               | 731,519                  | 17,890                             | 5,484,208                               |
| Operating transfers out                                      | (17,890)                | -                        | (5,466,318)                        | (5,484,208)                             |
| Proceeds from the issuance of debt                           | 116,824                 | -                        | 113,245,000                        | 113,361,824                             |
| Advance refunding  | -                       | -                        | (121,210,000)                      | (121,210,000)                           |
| Other financing sources                                      | -                       | -                        | 10,762,567                         | 10,762,567                              |
| Other financing uses   | <u>-</u>                | <u>-</u>                 | <u>(2,797,567)</u>                 | <u>(2,797,567)</u>                      |
| Total other financing sources (uses)                         | <u>4,833,733</u>        | <u>731,519</u>           | <u>(5,448,428)</u>                 | <u>116,824</u>                          |
| Change in fund balances                                      | (13,285,929)            | (25,193,526)             | 3,993,505                          | (34,485,950)                            |
| Fund balances, July 1, 2011                                  | <u>34,399,424</u>       | <u>48,738,556</u>        | <u>37,890,902</u>                  | <u>121,028,882</u>                      |
| Fund balances, June 30, 2012                                 | <u>\$ 21,113,495</u>    | <u>\$ 23,545,030</u>     | <u>\$ 41,884,407</u>               | <u>\$ 86,542,932</u>                    |

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2012**

Net change in fund balances - Total Governmental Funds \$ (34,485,950)

Amounts reported for governmental activities in the statement of activities are different because:

|   |               |              |
|---|---------------|--------------|
| Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).  | \$ 25,911,779 |              |
| Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).   | (34,847,624)  |              |
| Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 7).   | 132,698,500   |              |
| In governmental funds, proceeds from debt are recognized as other financing sources. In the statement of net assets, proceeds from debt are reported as increases to liabilities (Note 7).  | (113,361,824) |              |
| Accreted interest is an expense that is not reported in the governmental funds (Note 7).  | (1,460,950)   |              |
| Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the assets in the statement of net assets (Note 7).   | (11,612,507)  |              |
| In governmental funds, for current/advance refundings, the difference between reacquisition price and the net carrying amount of the old debt is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.        | 2,797,567     |              |
| Issuance costs related to the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the statement of net assets.   | 843,745       |              |
| 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.   | (7,038)       |              |
| 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 assets for the Self-Insurance Fund was:   | (1,389,132)   |              |
| In the statement of activities, expenses related to PARS 403(b), net OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 7). | (18,298,121)  | (18,725,605) |

Change in net assets of governmental activities \$ (53,211,555)

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND**  
**SELF-INSURANCE FUND**

**June 30, 2012**

**ASSETS**

|                         |                      |
|-------------------------|----------------------|
| Cash and investments:   |                      |
| Cash in County Treasury | \$ 4,899,456         |
| Cash with Fiscal Agent  | 250,000              |
| Receivables             | 537,770              |
| Due from other funds    | <u>2,000,000</u>     |
| <br>Total assets        | <br><u>7,687,226</u> |

**LIABILITIES**

|   |                      |
|---|----------------------|
| Accounts payable                            | 1,693,496            |
| Due to other funds                          | 316                  |
| Unpaid claims and claim adjustment expenses | <u>2,153,061</u>     |
| <br>Total liabilities                       | <br><u>3,846,873</u> |

**NET ASSETS**

|            |                            |
|------------|----------------------------|
| Restricted | <u><u>\$ 3,840,353</u></u> |
|------------|----------------------------|

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN**  
**FUND NET ASSETS - PROPRIETARY FUND**

**SELF-INSURANCE FUND**

**For the Year Ended June 30, 2012**

|                                 |                            |
|---------------------------------|----------------------------|
| Operating revenues:             |                            |
| Self-insurance premiums         | \$ 8,310,914               |
| Other local revenue             | <u>320</u>                 |
| Total operating revenue         | <u>8,311,234</u>           |
| Operating expenses:             |                            |
| Classified salaries             | 239,941                    |
| Employee benefits               | 132,022                    |
| Books and supplies              | 78,777                     |
| Contract services               | <u>9,270,304</u>           |
| Total operating expenses        | <u>9,721,044</u>           |
| Operating loss                  | (1,409,810)                |
| Non-operating income:           |                            |
| Interest income                 | <u>20,678</u>              |
| Change in net assets            | (1,389,132)                |
| Total net assets, July 1, 2011  | <u>5,229,485</u>           |
| Total net assets, June 30, 2012 | <u><u>\$ 3,840,353</u></u> |

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**SELF-INSURANCE FUND**

**For the Year Ended June 30, 2012**

|   |                              |
|---|------------------------------|
| Cash flows from operating activities:   |                              |
| Cash received from self-insurance premiums  | \$ 10,400,917                |
| Cash paid for employee benefits   | (9,914,399)                  |
| Cash paid for other expenses  | <u>(2,661,924)</u>           |
| Net cash used in operating activities   | (2,175,406)                  |
| Cash flows provided by investing activities:                                      |                              |
| Interest income received  | <u>20,678</u>                |
| Change in cash and investments  | (2,154,728)                  |
| Cash and investments, July 1, 2011  | <u>7,304,184</u>             |
| Cash and investments, June 30, 2012   | <u><u>\$ 5,149,456</u></u>   |
| Reconciliation of operating loss to net cash used in operating activities:        |                              |
| Operating loss  | <u>\$ (1,409,810)</u>        |
| Adjustments to reconcile operating loss to net cash used in operating activities: |                              |
| Decrease (increase) in:   |                              |
| Receivables   | 2,089,683                    |
| Due from other funds  | (1,999,980)                  |
| (Decrease) increase in:   |                              |
| Unpaid claims and claim adjustment expenses                                       | (644,095)                    |
| Accounts payable  | 1,689,068                    |
| Due to other funds  | <u>(1,900,272)</u>           |
| Total adjustments   | <u>(765,596)</u>             |
| Net cash used in operating activities   | <u><u>\$ (2,175,406)</u></u> |

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET ASSETS**

**TRUST AND AGENCY FUNDS**

June 30, 2012

|   | <u>Trust Funds</u>            |                          |                     | <u>Agency Fund</u>        |                     |
|---|-------------------------------|--------------------------|---------------------|---------------------------|---------------------|
|   | <u>Retiree Benefits Trust</u> | <u>Scholarship Trust</u> | <u>Trust Total</u>  | <u>Student Body Funds</u> | <u>Total</u>        |
| <b>ASSETS</b>                               |                               |                          |                     |                           |                     |
| Cash and investments (Note 2):              |                               |                          |                     |                           |                     |
| Cash in County Treasury                     | \$21,566,786                  | \$ -                     | \$21,566,786        | \$ -                      | \$21,566,786        |
| Cash on hand and in banks                   | -                             | 213,390                  | 213,390             | 1,442,741                 | 1,656,131           |
| Receivables                                 | 410,045                       | -                        | 410,045             | 28,529                    | 438,574             |
| Due from other funds                        | 2,252                         | -                        | 2,252               | -                         | 2,252               |
| Prepaid expenditures                        | 400,000                       | -                        | 400,000             | -                         | 400,000             |
| Stores inventory                            | -                             | -                        | -                   | 113,056                   | 113,056             |
| Capital assets                              | -                             | -                        | -                   | 9,470                     | 9,470               |
|   | <u>          </u>             | <u>          </u>        | <u>          </u>   | <u>          </u>         | <u>          </u>   |
| Total assets                                | <u>22,379,083</u>             | <u>213,390</u>           | <u>22,592,473</u>   | <u>1,593,796</u>          | <u>24,186,269</u>   |
| <b>LIABILITIES</b>                          |                               |                          |                     |                           |                     |
| Accounts payable                            | 2,749,505                     | -                        | 2,749,505           | 115,184                   | 2,864,689           |
| Due to other funds                          | 3,738,374                     | -                        | 3,738,374           | -                         | 3,738,374           |
| Due to student groups                       | -                             | -                        | -                   | 1,478,612                 | 1,478,612           |
|   | <u>          </u>             | <u>          </u>        | <u>          </u>   | <u>          </u>         | <u>          </u>   |
| Total liabilities                           | <u>6,487,879</u>              | <u>-</u>                 | <u>6,487,879</u>    | <u>1,593,796</u>          | <u>8,081,675</u>    |
| <b>NET ASSETS</b>                           |                               |                          |                     |                           |                     |
| Restricted (Note 8)                         | -                             | 213,390                  | 213,390             | -                         | 213,390             |
| Held in trust for retiree benefits (Note 8) | 15,891,204                    | -                        | 15,891,204          | -                         | 15,891,204          |
|   | <u>          </u>             | <u>          </u>        | <u>          </u>   | <u>          </u>         | <u>          </u>   |
| Total net assets                            | <u>\$15,891,204</u>           | <u>\$ 213,390</u>        | <u>\$16,104,594</u> | <u>\$ -</u>               | <u>\$16,104,594</u> |

See accompanying notes to financial statements.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

**For the Year Ended June 30, 2012**

|   | <b>Retiree<br/>Benefits<br/>Trust</b> | <b>Scholarship<br/>Trust</b> | <b>Total</b>                |
|---|---------------------------------------|------------------------------|-----------------------------|
| Revenues:                                       |                                       |                              |                             |
| Other local sources                             | <u>\$ 22,987,454</u>                  | <u>\$ 127,669</u>            | <u>\$ 23,115,123</u>        |
| Expenditures:                                   |                                       |                              |                             |
| Contract services and operating<br>expenditures | <u>22,262,158</u>                     | <u>129,907</u>               | <u>22,392,065</u>           |
| Change in net assets                            | 725,296                               | (2,238)                      | 723,058                     |
| Net assets, July 1, 2011                        | <u>15,165,908</u>                     | <u>215,628</u>               | <u>15,381,536</u>           |
| Net assets, June 30, 2012                       | <u><u>\$ 15,891,204</u></u>           | <u><u>\$ 213,390</u></u>     | <u><u>\$ 16,104,594</u></u> |

See accompanying notes to financial statements.

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

### 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:

#### Reporting Entity

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

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

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

#### A - Manifestations of Oversight

1. The Corporation's Board of Directors were appointed by the District's Board of Education.
2. The Corporation has no employees. The District's Superintendent and Chief Business Officer function as agents of the Corporation. Neither individual received additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Corporation as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

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

Reporting Entity (Continued)

**B - Accounting for Fiscal Matters**

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
2. Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

**C - Scope of Public Service and Financial Presentation**

1. The Corporation was created for the sole purpose of financially assisting the District.
2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation facilities. When the Corporation's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all Corporation property will pass to the District for no additional consideration.
3. The Corporation's financial activity is presented in the financial statements in the Building Fund. Certificates of Participation issued by the Corporation are included in the government-wide financial statements.

Basis of Presentation - Government-Wide Financial Statements

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

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

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

Basis of Presentation - Government-Wide Financial Statements (Continued)

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

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

*Allocation of indirect expenses:* The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each 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. The District's accounts are organized into three broad categories which, in aggregate, include eight fund types as follows:

A - Governmental Fund Types

1. General Fund:

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

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

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

Basis of Presentation - Fund Accounting (Continued)

**A - Governmental Fund Types (Continued)**

**2. Special Revenue Funds:**

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

**3. Capital Projects Funds:**

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

**4. Debt Service Funds:**

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This classification includes the Bond Interest and Redemption, South Pocket Facilities and Tax Override Funds.

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 - Proprietary Funds**

**Self-Insurance Fund:**

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.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

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

**Basis of Presentation - Fund Accounting (Continued)**

**C - Fiduciary Funds**

**1. Trust Funds:**

**Retiree Benefits Trust Fund:**

The Retiree Benefits Trust Fund is a Trust Fund used to account for assets held by the District as Trustee.

**Scholarship Trust Fund:**

The Scholarship Trust 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.

**2. Agency Funds:**

**Student Body Funds:**

Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds.

**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**

Both governmental and business-type 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.

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 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.

#### Stores Inventory

Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General 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.

#### Cafeteria Food Purchases

Cafeteria purchases include food purchased through the State of California Office of Surplus Property, for which the District is required to pay only a handling charge. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The expenditures for these items would have been greater had the District paid fair market value for the government surplus food commodities.

#### Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 3 - 30 years depending on asset types.

#### Compensated Absences

Compensated absences totaling \$6,964,824 are recorded as a liability of the District. The liability is for the earned but unused benefits.

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### 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 STRS and CalPERS employees, when the employee retires.

#### Deferred Revenue

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

#### Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for unspent categorical program revenues and state programs represent programs where the revenue received is restricted for expenditures only in that particular program. The restriction for special revenues represents the portion of net assets restricted for special purposes. The restriction for debt service repayments represents the portion of net assets which the District plans to expend on debt repayment in the ensuing year. The restriction for capital projects represents the portion of net assets restricted for capital projects. The restriction for self-insurance represents the portion of net assets restricted for paying insurance premiums. The restriction for retiree benefits represents the portion of net assets which will be used for payment of health insurance premiums for current and future retirees. The restriction for scholarships represents the portion of net assets to be used to provide financial assistance to students of the District. It is the District's policy to first use restricted fund balance when allowable expenditures are incurred.

#### 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.

##### A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

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

**Fund Balance Classifications (Continued)**

**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 assets as reported in the government-wide, proprietary fund, 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, 2012, 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, 2012, 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.

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

#### Fund Balance Policy

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, 2012, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

#### Property Taxes

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

#### Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. All encumbrances are liquidated as of June 30.

#### Eliminations and Reclassifications

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

#### Estimates

The preparation of 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.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**2. CASH AND INVESTMENTS**

Cash and investments at June 30, 2012 are reported at fair value and consisted of the following:

|                                 | Governmental Activities |                     |                      | Fiduciary<br>Activities |
|---------------------------------|-------------------------|---------------------|----------------------|-------------------------|
|                                 | Governmental<br>Funds   | Proprietary<br>Fund | Total                |                         |
| <b>Pooled Funds:</b>            |                         |                     |                      |                         |
| Cash in County Treasury         | \$ 54,400,922           | \$ 4,899,456        | \$ 59,300,378        | \$ 21,566,786           |
| Cash awaiting deposit           | <u>3,622,036</u>        | <u>-</u>            | <u>3,622,036</u>     | <u>-</u>                |
| Total pooled funds              | <u>58,022,958</u>       | <u>4,899,456</u>    | <u>62,922,414</u>    | <u>21,566,786</u>       |
| <b>Deposits:</b>                |                         |                     |                      |                         |
| Cash on hand and in banks       | 315,885                 | -                   | 315,885              | 1,656,131               |
| Cash in revolving fund          | <u>227,000</u>          | <u>-</u>            | <u>227,000</u>       | <u>-</u>                |
| Total deposits                  | <u>542,885</u>          | <u>-</u>            | <u>542,885</u>       | <u>1,656,131</u>        |
| <b>Investments:</b>             |                         |                     |                      |                         |
| Cash with Fiscal Agent          | 6,437,245               | 250,000             | 6,687,245            | -                       |
| Deferred compensation           | 8,185,424               | -                   | 8,185,424            | -                       |
| Local Agency Investment<br>Fund | <u>901,945</u>          | <u>-</u>            | <u>901,945</u>       | <u>-</u>                |
| Total investments               | <u>15,524,614</u>       | <u>250,000</u>      | <u>15,774,614</u>    | <u>-</u>                |
| Total cash and<br>investments   | <u>\$ 74,090,457</u>    | <u>\$ 5,149,456</u> | <u>\$ 79,239,913</u> | <u>\$ 23,222,917</u>    |

**Pooled Funds**

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

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

In accordance with applicable state laws, the Sacramento County Treasurer may invest in derivative securities. However, at June 30, 2012, the Sacramento County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 2. CASH AND INVESTMENTS (Continued)

#### Deposits - Custodial Credit Risk - Deposits

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, interest-bearing cash balances held in banks are insured up to \$250,000 and noninterest-bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2012, the carrying amount of the District's accounts was \$2,199,016 and the bank balance was \$2,630,312. \$2,589,647 of the bank balance was FDIC insured and \$40,665 remained uninsured.

#### Investments

The Cash with Fiscal Agent in the Building Fund and South Pocket Facilities Fund represents debt proceeds that have been set aside for capital asset expenditures and the repayment of long-term liabilities. These amounts are held by a third party custodian in the District's name.

The Cash with Fiscal Agent in the Self-Insurance Fund represents cash segregated for the future payment of self-insured benefits. These amounts are held by a third party custodian in the District's name.

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

Sacramento City Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**2. CASH AND INVESTMENTS (Continued)**

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, 2012, 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, 2012, the District had no concentration of credit risk.

**3. INTERFUND TRANSACTIONS**

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the 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, 2012 were as follows:

| <u>Fund</u>              | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|--------------------------|----------------------------------|-------------------------------|
| Major Funds:             |                                  |                               |
| General                  | \$ 6,742,101                     | \$ 8,092,536                  |
| Building                 | 1,226                            | 732,393                       |
| Non-Major Funds:         |                                  |                               |
| Charter School           | 2,391,558                        | 2,031,627                     |
| Adult Education          | 1,176,742                        | 361,757                       |
| Child Development        | 252,517                          | 612,283                       |
| Cafeteria                | 353,445                          | 81,985                        |
| Deferred Maintenance     | -                                | 89                            |
| Developer Fees           | 2,000,000                        | -                             |
| County School Facilities | 731,519                          | -                             |
| Proprietary Fund:        |                                  |                               |
| Self-Insurance           | 2,000,000                        | 316                           |
| Trust Fund:              |                                  |                               |
| Retiree Benefits Trust   | <u>2,252</u>                     | <u>3,738,374</u>              |
| Totals                   | <u>\$ 15,651,360</u>             | <u>\$ 15,651,360</u>          |

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

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

Interfund transfers for the 2011-2012 fiscal year were as follows:

|   |                     |
|---|---------------------|
| Transfer from the Adult Education Fund to the General Fund for direct and indirect support.             | \$ 2,200,000        |
| Transfer from the Charter School Fund to the General Fund for charter school fees and indirect support. | 774,615             |
| Transfer from the County School Facilities Fund to the Building Fund for State apportionments received. | 731,519             |
| Transfer from the Cafeteria Fund to the General Fund for indirect support.                              | 675,756             |
| Transfer from the Child Development Fund to the General Fund for indirect support.                      | 601,548             |
| Transfer from the Adult Education Fund to the General Fund for indirect support.                        | 350,160             |
| Transfer from the Deferred Maintenance Fund to the General Fund to provide operating support.           | 132,720             |
| Transfer from the General Fund to the Charter School Fund for allocation of Cervic Permits.             | <u>17,890</u>       |
|   | <u>\$ 5,484,208</u> |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**4. CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2012 is shown below:

|                                | Balance<br>July 1,<br><u>2011</u> | Transfers<br>and<br><u>Additions</u> | Transfers<br>and<br><u>Deductions</u> | Balance<br>June 30,<br><u>2012</u> |
|--------------------------------|-----------------------------------|--------------------------------------|---------------------------------------|------------------------------------|
| <u>Governmental Activities</u> |                                   |                                      |                                       |                                    |
| Non-depreciable:               |                                   |                                      |                                       |                                    |
| Land                           | \$ 19,873,250                     | \$ -                                 | \$ -                                  | \$ 19,873,250                      |
| Work-in-process                | 7,247,938                         | 16,728,933                           | 23,322,890                            | 653,981                            |
| Depreciable:                   |                                   |                                      |                                       |                                    |
| Buildings                      | 686,039,949                       | 26,329,428                           | -                                     | 712,369,377                        |
| Site improvements              | 120,094,216                       | 1,007,146                            | -                                     | 121,101,362                        |
| Equipment                      | <u>27,469,623</u>                 | <u>5,169,162</u>                     | <u>-</u>                              | <u>32,638,785</u>                  |
| Totals, at cost                | <u>860,724,976</u>                | <u>49,234,669</u>                    | <u>23,322,890</u>                     | <u>886,636,755</u>                 |
| Less accumulated depreciation: |                                   |                                      |                                       |                                    |
| Buildings                      | (279,374,323)                     | (26,560,981)                         | -                                     | (305,935,304)                      |
| Site improvements              | (50,125,255)                      | (6,867,982)                          | -                                     | (56,993,237)                       |
| Equipment                      | <u>(25,132,718)</u>               | <u>(1,418,661)</u>                   | <u>-</u>                              | <u>(26,551,379)</u>                |
| Total accumulated depreciation | <u>(354,632,296)</u>              | <u>(34,847,624)</u>                  | <u>-</u>                              | <u>(389,479,920)</u>               |
| Capital assets, net            | <u>\$ 506,092,680</u>             | <u>\$ 14,387,045</u>                 | <u>\$ 23,322,890</u>                  | <u>\$ 497,156,835</u>              |

Depreciation expense was charged to governmental activities as follows:

|                                  |                          |
|----------------------------------|--------------------------|
| Instruction                      | \$ 33,172,664            |
| Food services                    | 166,525                  |
| All other pupil services         | 280,902                  |
| All other general administration | 869,867                  |
| Plant services                   | 148,560                  |
| Community services               | <u>209,106</u>           |
| <br>Total depreciation expense   | <br><u>\$ 34,847,624</u> |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**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.

District management recomputes the liability annually using available updated claims data. Every three years, the District contracts with an actuary who performs 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 September 20, 2011.

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

|   | <u>June 30,</u><br><u>2012</u> | <u>June 30,</u><br><u>2011</u> |
|---|--------------------------------|--------------------------------|
| Unpaid claim and claim adjustment expenses,<br>beginning of year    | \$ 2,797,156                   | \$ 3,202,693                   |
| Total incurred claims and claim adjustment<br>expenses              | 9,270,304                      | 9,292,478                      |
| Total payments  | <u>(9,914,399)</u>             | <u>(9,698,015)</u>             |
| Total unpaid claims and claim adjustment<br>expenses at end of year | <u>\$ 2,153,061</u>            | <u>\$ 2,797,156</u>            |

**6. TAX AND REVENUE ANTICIPATION NOTES PAYABLE**

On April 5, 2012, the District issued \$75,000,000 of Tax and Revenue Anticipation Notes (TRANS) maturing on October 1, 2012, with an interest rate of 2%, to provide for anticipated cash flow deficits from operations. The TRANS are a general obligation of the District and are payable from revenues and cash receipts generated by the District during the fiscal year ended June 30, 2012. As of June 30, 2012, the District is fully utilizing the cash from the TRANS and has recorded a liability of \$75,000,000 in the basic financial statements. The TRANS were paid off subsequent to June 30, 2012.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES**

Special Tax Bonds

| <u>Series</u> | <u>Interest Rate</u> | <u>Balance July 1, 2011</u> | <u>Current Year Proceeds</u> | <u>Current Year Maturities</u> | <u>Balance June 30, 2012</u> |
|---------------|----------------------|-----------------------------|------------------------------|--------------------------------|------------------------------|
| 1997 C        | 3.7% to 5.5%         | \$ <u>1,830,000</u>         | \$ <u>-</u>                  | \$ <u>600,000</u>              | \$ <u>1,230,000</u>          |

Special Tax Bonds outstanding represent the unpaid portion of a bond issuance by voters to finance construction of three school facilities. All records relating to bond redemption and payments of interest are maintained by the Sacramento County Auditor/Controller. The Special Tax Bonds mature on September 1, 2013.

Scheduled payments on Series 1997 C Special Tax Bond are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>    | <u>Interest</u>  | <u>Total</u>        |
|-----------------------------|---------------------|------------------|---------------------|
| 2013                        | \$ 635,000          | \$ 49,870        | \$ 684,870          |
| 2014                        | <u>595,000</u>      | <u>16,363</u>    | <u>611,363</u>      |
|                             | <u>\$ 1,230,000</u> | <u>\$ 66,233</u> | <u>\$ 1,296,233</u> |

General Obligation Bonds

Series D:

On August 1, 2004, the District issued 1999 General Obligation Bonds, Series D, totaling \$55,000,000. Bond proceeds are being spent to construct, repair and expand local schools. The Bond was partially refunded with the 2012 Refunding Bonds in the amount of \$46,470,000 with the remaining payment being due on July 1, 2013. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 2.5% to 5.25% and are scheduled to mature through 2013 as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
|-----------------------------|---------------------|---------------------|---------------------|
| 2013                        | <u>\$ 1,345,000</u> | <u>\$ 2,346,144</u> | <u>\$ 3,691,144</u> |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

General Obligation Bonds (Continued)

Series 2005:

On July 1, 2005, the District issued 2002 General Obligation Bonds, Series 2005, totaling \$80,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 4.0% to 5.0% and are scheduled to mature through 2030 as follows:

| Year Ending<br><u>June 30,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|--------------------------------|----------------------|----------------------|----------------------|
| 2013                           | \$ 1,330,000         | \$ 3,615,250         | \$ 4,945,250         |
| 2014                           | 1,540,000            | 3,548,750            | 5,088,750            |
| 2015                           | 1,770,000            | 3,471,750            | 5,241,750            |
| 2016                           | 2,020,000            | 3,383,250            | 5,403,250            |
| 2017                           | 2,280,000            | 3,282,250            | 5,562,250            |
| 2018-2022                      | 16,010,000           | 14,406,000           | 30,416,000           |
| 2023-2027                      | 25,770,000           | 9,488,750            | 35,258,750           |
| 2028-2030                      | <u>21,585,000</u>    | <u>2,216,500</u>     | <u>23,801,500</u>    |
|                                | <u>\$ 72,305,000</u> | <u>\$ 43,412,500</u> | <u>\$115,717,500</u> |

Series 2007:

On November 14, 2007, the District issued 2002 General Obligation Bonds, Series 2007, totaling \$64,997,966. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 3.5% to 5.0% and are scheduled to mature through 2032 as follows:

| Year Ending<br><u>June 30,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|--------------------------------|----------------------|----------------------|----------------------|
| 2013                           | \$ 1,690,000         | \$ 1,092,956         | \$ 2,782,956         |
| 2014                           | 1,700,000            | 1,033,806            | 2,733,806            |
| 2015                           | 1,880,000            | 965,806              | 2,845,806            |
| 2016                           | 2,095,000            | 871,806              | 2,966,806            |
| 2017                           | 2,285,000            | 767,056              | 3,052,056            |
| 2018-2022                      | 15,155,000           | 2,096,273            | 17,251,273           |
| 2023-2027                      | 12,407,712           | 15,397,289           | 27,805,001           |
| 2028-2032                      | <u>13,670,254</u>    | <u>26,019,745</u>    | <u>39,689,999</u>    |
|                                | <u>\$ 50,882,966</u> | <u>\$ 48,244,737</u> | <u>\$ 99,127,703</u> |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

General Obligation Bonds (Continued)

Series 2011 Refunding:

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. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 3.0% to 5.5% and are scheduled to mature through 2030 as follows:

| Year Ending<br>June 30, | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|-------------------------|----------------------|----------------------|----------------------|
| 2013                    | \$ -                 | \$ 1,788,938         | \$ 1,788,938         |
| 2014                    | 3,710,000            | 3,522,226            | 7,232,226            |
| 2015                    | 3,820,000            | 3,390,176            | 7,210,176            |
| 2016                    | 3,965,000            | 3,214,651            | 7,179,651            |
| 2017                    | 4,160,000            | 3,067,326            | 7,227,326            |
| 2018-2022               | 23,430,000           | 12,348,005           | 35,778,005           |
| 2023-2027               | 29,710,000           | 5,878,330            | 35,588,330           |
| 2028-2030               | <u>7,105,000</u>     | <u>557,290</u>       | <u>7,662,290</u>     |
|                         | <u>\$ 75,900,000</u> | <u>\$ 33,766,942</u> | <u>\$109,666,942</u> |

The July 1, 2012 payment in the amount of \$5,482,229 (including interest) was paid on June 28, 2012.

Series 2012 Refunding:

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. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 2.0% to 5.25% and are scheduled to mature through 2032 as follows:

*Calculation of Difference in Cash Flow Requirements and Economic Gain*

Cash Flow Difference

|                             |                      |
|-----------------------------|----------------------|
| Old debt service cash flows | \$188,125,200        |
| New debt service cash flows | <u>172,431,578</u>   |
|                             | <u>\$ 15,693,622</u> |

Economic Gain

|                          |                      |
|--------------------------|----------------------|
| Present value of savings | <u>\$ 11,784,351</u> |
|--------------------------|----------------------|

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

General Obligation Bonds (Continued)

Series 2012 Refunding (Continued)

| Year Ending<br><u>June 30,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|--------------------------------|----------------------|----------------------|----------------------|
| 2013                           | \$ -                 | \$ 2,770,784         | \$ 2,770,784         |
| 2014                           | 1,695,000            | 5,046,412            | 6,741,412            |
| 2015                           | 3,925,000            | 4,950,963            | 8,875,963            |
| 2016                           | 4,280,000            | 4,786,863            | 9,066,863            |
| 2017                           | 4,645,000            | 4,608,363            | 9,253,363            |
| 2018-2022                      | 30,765,000           | 19,558,087           | 50,323,087           |
| 2023-2027                      | 24,265,000           | 12,410,156           | 36,675,156           |
| 2028-2032                      | <u>43,670,000</u>    | <u>5,054,950</u>     | <u>48,724,950</u>    |
|                                | <u>\$113,245,000</u> | <u>\$ 59,186,578</u> | <u>\$172,431,578</u> |

Certificates of Participation (COPs)

On April 18, 2001, COPs of \$43,580,000 were issued with variable interest rates ranging from 4.1% to 5.0% maturing on March 1, 2031, for the advance refunding of Series 1999C COPs (with remaining obligation of \$29,590,000) and to provide additional capital for construction projects. With the payment of \$30,000,000 to the Escrow Agent to advance refund and defease the District's 1999C COPs, the 1999C COPs are considered to be defeased, and the obligations have been removed from the District's financial statements.

On July 11, 2002, the District issued \$58,000,000 of Variable Rate Demand Certificates of Participation maturing on March 1, 2031, for the advance refunding of 1998 Series A COPs (with remaining obligation of \$13,750,000) and 1999 Series D COPs (with remaining obligation of \$15,480,000) and to provide additional capital for construction projects. The interest charges on these Variable Rate Demand COPs is determined weekly by the Remarketing Agent based on prevailing financial market conditions. With the payment of \$29,230,000 to the Escrow Agent to advance refund and defease the District's 1998 Series A COPs and the 1999 Series D COPs are considered to be defeased, and the obligations have been removed from the District's financial statements.

On March 14, 2011, the District remarketed the 2002 Variable Rate Demand Certificates in the original aggregate principal amount of \$58,000,000. The 2002 COPs are being remarketed in the aggregate principal amount of \$48,020,000, maturing on March 1, 2040, in connection with the mandatory tender of the 2002 COPs as a result of the District's election to convert the interest rate from weekly rates to SIFMA Term Floater Rates.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

Certificates of Participation (COPs) (Continued)

Scheduled payments for the COPs are as follows:

| Year Ending<br><u>June 30,</u>        | <u>COPs<br/>Payments</u>    |
|---------------------------------------|-----------------------------|
| 2013                                  | \$ 3,055,895                |
| 2014                                  | 3,071,175                   |
| 2015                                  | 3,083,075                   |
| 2016                                  | 3,101,495                   |
| 2017                                  | 3,126,100                   |
| 2018-2022                             | 15,922,975                  |
| 2023-2027                             | 18,305,750                  |
| 2028-2032                             | 20,401,250                  |
| 2033-2037                             | 16,325,000                  |
| 2038-2040                             | <u>14,370,000</u>           |
| Total payments                        | 100,762,715                 |
| Less amount representing interest     | <u>(19,207,715)</u>         |
| Net present value of minimum payments | <u><u>\$ 81,555,000</u></u> |

Capitalized Lease Obligations

The District leases equipment under capital lease agreements. Future minimum lease payments are as follows:

| Year Ending<br><u>June 30,</u>    | <u>Lease<br/>Payments</u> |
|-----------------------------------|---------------------------|
| 2013                              | \$ 43,804                 |
| 2014                              | 43,804                    |
| 2015                              | <u>29,650</u>             |
| Total payments                    | 117,258                   |
| Less amount representing interest | <u>(9,499)</u>            |
| Net minimum lease payments        | <u><u>\$ 107,759</u></u>  |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

**PARS 403(b) Supplementary Retirement Plan**

The District has adopted the PARS 403(b) Supplementary Retirement Plan (the "Plan") effective June 30, 2008 pursuant to Resolution No. 2521. The District shall make non-elective employer contributions into eligible Participant's 403(b) annuity contract held at Public Life Insurance Company. Future PARS payments are as follows:

| Year Ending<br><u>June 30,</u> | <u>PARS<br/>Payments</u> |
|--------------------------------|--------------------------|
| 2013                           | \$ 3,708,721             |
| 2014                           | <u>1,042,493</u>         |
| Total payments                 | <u>\$ 4,751,214</u>      |

**Schedule of Changes in Long-Term Liabilities**

A schedule of changes in long-term liabilities for the year ended June 30, 2012 is shown below:

|                               | Balance<br>July 1,<br><u>2011</u> | <u>Additions</u>      | <u>Deductions</u>     | Balance<br>June 30,<br><u>2012</u> | Amounts<br>Due Within<br><u>One Year</u> |
|-------------------------------|-----------------------------------|-----------------------|-----------------------|------------------------------------|--|
| Governmental activities:      |                                   |                       |                       |                                    |  |
| Special Tax Bonds             | \$ 1,830,000                      | \$ -                  | \$ 600,000            | \$ 1,230,000                       | \$ 635,000                               |
| General Obligation Bonds      | 331,142,966                       | 113,245,000           | 130,710,000           | 313,677,966                        | 4,365,000                                |
| Premium on issuance           | 7,942,298                         | 11,612,507            | 469,706               | 19,085,099                         | -  |
| Accreted interest             | 4,759,145                         | 1,460,950             | -                     | 6,220,095                          | -  |
| Certificates of Participation | 82,885,000                        | -                     | 1,330,000             | 81,555,000                         | 1,395,000                                |
| Capitalized lease obligations | 49,435                            | 116,824               | 58,500                | 107,759                            | 38,862                                   |
| PARS 403(b)                   | 8,459,934                         | -                     | 3,708,720             | 4,751,214                          | 3,708,721                                |
| Net OPEB liability (Note 10)  | 111,133,251                       | 45,781,527            | 22,931,323            | 133,983,455                        | 21,001,231                               |
| Compensated absences          | <u>7,808,187</u>                  | <u>-</u>              | <u>843,363</u>        | <u>6,964,824</u>                   | <u>6,964,824</u>                         |
|                               | <u>\$ 556,010,216</u>             | <u>\$ 172,216,808</u> | <u>\$ 160,651,612</u> | <u>\$ 567,575,412</u>              | <u>\$ 38,108,638</u>                     |

Payments on the Special Tax Bonds are made from the South Pocket Facilities Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Principal and interest payments on the Certificates of Participation are made from the General Fund and Building Fund. Payments on the capitalized lease obligations and PARS 403(b) are made from the General Fund. Payments on net OPEB liability and compensated absences are made from the fund for which the related employee worked.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**8. NET ASSETS / FUND BALANCES**

Restricted net assets consisted of the following at June 30, 2012:

|   | <u>Governmental<br/>Activities</u> | <u>Fiduciary<br/>Funds</u>  |
|---|------------------------------------|-----------------------------|
| Restricted for unspent categorical program<br>revenues and state programs | \$ 8,534,646                       | \$ -                        |
| Restricted for special revenues   | 10,460,556                         | -                           |
| Restricted for debt service   | 11,301,143                         | -                           |
| Restricted for capital projects   | 36,328,548                         | -                           |
| Restricted for self insurance   | 3,840,353                          | -                           |
| Restricted for retiree benefits   | -                                  | 15,891,204                  |
| Restricted for scholarships   | -                                  | 213,390                     |
|   | <u>                    </u>        | <u>                    </u> |
| Total restricted net assets   | <u>\$ 70,465,246</u>               | <u>\$ 16,104,594</u>        |

Fund balances, by category, at June 30, 2012 consisted of the following:

|  | <u>General<br/>Fund</u> | <u>Building<br/>Fund</u> | <u>All<br/>Non-Major<br/>Funds</u> | <u>Total</u>         |
|--|-------------------------|--------------------------|------------------------------------|----------------------|
| <b>Nonspendable:</b>                   |                         |                          |                                    |                      |
| Revolving cash fund                    | \$ 225,000              | \$ -                     | \$ 2,000                           | \$ 227,000           |
| Prepaid expenditures                   | 2,254                   | -                        | -                                  | 2,254                |
| Stores inventory                       | <u>119,219</u>          | <u>-</u>                 | <u>435,839</u>                     | <u>555,058</u>       |
| Subtotal nonspendable                  | <u>346,473</u>          | <u>-</u>                 | <u>437,839</u>                     | <u>784,312</u>       |
| <b>Restricted:</b>                     |                         |                          |                                    |                      |
| Special revenues                       | -                       | -                        | 10,022,717                         | 10,022,717           |
| Capital projects                       | -                       | -                        | 16,635,396                         | 16,635,396           |
| Debt service                           | -                       | 23,545,030               | 14,788,455                         | 38,333,485           |
| Unspent categorical revenues           | <u>8,534,646</u>        | <u>-</u>                 | <u>-</u>                           | <u>8,534,646</u>     |
| Subtotal restricted                    | <u>8,534,646</u>        | <u>23,545,030</u>        | <u>41,446,568</u>                  | <u>73,526,244</u>    |
| <b>Assigned:</b>                       |                         |                          |                                    |                      |
| Retiree benefits                       | 1,000,000               | -                        | -                                  | 1,000,000            |
| Donations                              | 719,157                 | -                        | -                                  | 719,157              |
| Regional Occupational<br>Program       | 141,721                 | -                        | -                                  | 141,721              |
| Lottery                                | 111,203                 | -                        | -                                  | 111,203              |
| Flexibility                            | <u>1,280,473</u>        | <u>-</u>                 | <u>-</u>                           | <u>1,280,473</u>     |
| Subtotal assigned                      | <u>3,252,554</u>        | <u>-</u>                 | <u>-</u>                           | <u>3,252,554</u>     |
| <b>Unassigned:</b>                     |                         |                          |                                    |                      |
| Designated for economic<br>uncertainty | <u>8,979,822</u>        | <u>-</u>                 | <u>-</u>                           | <u>8,979,822</u>     |
| Total fund balances                    | <u>\$ 21,113,495</u>    | <u>\$ 23,545,030</u>     | <u>\$ 41,884,407</u>               | <u>\$ 86,542,932</u> |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**9. EMPLOYEE RETIREMENT SYSTEMS**

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

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

*Plan Description*

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

*Funding Policy*

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-2012 was 10.923% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2011 and 2012 were \$5,986,328, \$6,411,937 and \$6,640,921, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

*Plan Description*

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

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**9. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

*Funding Policy*

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2011-2012 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2010, 2011 and 2012 were \$15,346,148, \$15,323,790 and \$14,823,475, respectively, and equal 100% of the required contributions for each year.

**10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN**

Plan Description

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. 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 ten years of consecutive service to the District. Other District employees qualify for benefits after attaining age 50 and meeting the requirements outlined in their respective bargaining agreements.

Funding Policy

The contribution requirements of the District are established and may be amended by the Board of Education. The required contribution is based in projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board. For fiscal year ended June 30, 2012, the District contributed \$22.9 million to the plan. As of June 30, 2012, the Board assigned an additional \$1 million of unrestricted General Fund dollars to fund the liability.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

Annual OPEB Cost and Net OPEB Obligation

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

|  |                             |
|--|-----------------------------|
| Annual required contribution               | \$ 46,188,531               |
| Interest on net OPEB obligation            | 5,000,996                   |
| Adjustment to annual required contribution | <u>(5,408,000)</u>          |
| Annual OPEB cost (expense)                 | 45,781,527                  |
| Contributions made                         | <u>(22,931,323)</u>         |
| Increase in net OPEB obligation            | 22,850,204                  |
| Net OPEB obligation - beginning of year    | <u>111,133,251</u>          |
| Net OPEB obligation - end of year          | <u><u>\$133,983,455</u></u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012 and preceding two years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|---|----------------------------|
| June 30, 2010            | \$ 44,061,864           | 42.0%   | \$ 91,761,722              |
| June 30, 2011            | \$ 43,610,327           | 55.6%   | \$111,133,251              |
| June 30, 2012            | \$ 45,781,527           | 50.1%   | \$133,983,455              |

Funded Status and Funding Progress

As of December 1, 2010 the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$591.6 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$591.6 million. For fiscal year ending June 30, 2012, the covered payroll (annual payroll of active employees covered by the plan) was \$236.1 million, and the ratio of the UAAL to the covered payroll was 251 percent. The OPEB plan is currently operated as a pay-as-you-go plan.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the December 1, 2010, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after eight years and a discount rate of 4.5 percent. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2012, was 26 years.

*See also the Required Supplementary Disclosure.*

**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 following is a summary of financial information for SIA at June 30, 2012:

|                      |                |
|----------------------|----------------|
| Total assets         | \$ 105,752,954 |
| Total liabilities    | \$ 42,394,849  |
| Total net assets     | \$ 63,358,105  |
| Total revenues       | \$ 40,730,014  |
| Total expenses       | \$ 36,225,931  |
| Change in net assets | \$ 4,504,083   |

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.

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 11. JOINT POWERS AGREEMENTS (Continued)

#### Self-Insured Schools of California

The District is a member with other school districts of a Joint Powers Authority, Self-Insured Schools of California (SISC). SISC provides a means of combining the administration of claims and obtains lower insurance rates for the benefit of public schools, colleges or other educational agencies. The following is a summary of financial information for SISC at September 30, 2011:

|                      |                 |
|----------------------|-----------------|
| Total assets         | \$ 268,938,894  |
| Total liabilities    | \$ 122,138,431  |
| Total net assets     | \$ 146,800,463  |
| Total revenues       | \$1,161,865,492 |
| Total expenses       | \$1,168,327,424 |
| Change in net assets | \$ (6,461,932)  |

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.

### 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.

### 13. FINANCIAL RESPONSIBILITY

For the 2012-13 fiscal year, Sacramento City Unified School District expects no mid-year reductions due to the passage of Proposition 30 in November. With the severe budget/staffing reductions implemented for the 2012-13 fiscal year, the District will maintain a balanced budget. It is anticipated that some budget reductions may be necessary for 2013-14 due to continued enrollment decline and increased costs for health benefits. However, as in previous years, the District will take the necessary steps to ensure a balanced budget for the current fiscal year as well as future years. Despite the fluctuations at the state level with funding and cash deferrals, the District continues to monitor and will budget for the current and future years to ensure financial stability.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

For the Year Ended June 30, 2012

|   | <u>Budget</u>        |                      | <u>Actual</u>        | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------|----------------------|----------------------|---|
|   | <u>Original</u>      | <u>Final</u>         |                      |   |
| Revenues:                                       |                      |                      |                      |   |
| Revenue limit sources:                          |                      |                      |                      |   |
| State apportionment                             | \$ 165,369,989       | \$ 165,697,872       | \$ 165,358,995       | \$ (338,877)                                    |
| Local sources                                   | <u>57,742,083</u>    | <u>54,938,563</u>    | <u>55,206,471</u>    | <u>267,908</u>                                  |
| Total revenue limit                             | <u>223,112,072</u>   | <u>220,636,435</u>   | <u>220,565,466</u>   | <u>(70,969)</u>                                 |
| Federal sources                                 | 37,991,069           | 57,691,389           | 47,367,141           | (10,324,248)                                    |
| Other state sources                             | 96,226,522           | 109,713,236          | 108,799,926          | (913,310)                                       |
| Other local sources                             | <u>6,315,460</u>     | <u>15,247,815</u>    | <u>13,173,587</u>    | <u>(2,074,228)</u>                              |
| Total revenues                                  | <u>363,645,123</u>   | <u>403,288,875</u>   | <u>389,906,120</u>   | <u>(13,382,755)</u>                             |
| Expenditures:                                   |                      |                      |                      |   |
| Certificated salaries                           | 155,941,896          | 175,834,501          | 170,919,753          | 4,914,748                                       |
| Classified salaries                             | 49,118,660           | 54,416,122           | 52,722,192           | 1,693,930                                       |
| Employee benefits                               | 103,588,614          | 111,612,133          | 110,321,022          | 1,291,111                                       |
| Books and supplies                              | 9,529,699            | 22,460,542           | 12,506,975           | 9,953,567                                       |
| Contract services and operating<br>expenditures | 43,997,769           | 61,472,743           | 55,661,409           | 5,811,334                                       |
| Capital outlay                                  | 233,390              | 4,071,370            | 3,877,564            | 193,806   |
| Other outgo                                     | -                    | -                    | 23,414               | (23,414)  |
| Debt service:                                   |                      |                      |                      |   |
| Principal retirement                            | 2,125,000            | 2,173,965            | 1,138,500            | 1,035,465                                       |
| Interest  | <u>-</u>             | <u>1,556</u>         | <u>854,953</u>       | <u>(853,397)</u>                                |
| Total expenditures                              | <u>364,535,028</u>   | <u>432,042,932</u>   | <u>408,025,782</u>   | <u>24,017,150</u>                               |
| Deficiency of revenues<br>under expenditures    | <u>(889,905)</u>     | <u>(28,754,057)</u>  | <u>(18,119,662)</u>  | <u>10,634,395</u>                               |
| Other financing sources (uses):                 |                      |                      |                      |   |
| Operating transfers in                          | 4,680,250            | 4,780,520            | 4,734,799            | (45,721)  |
| Operating transfers out                         | -                    | (17,890)             | (17,890)             | -   |
| Proceeds from the issuance of debt              | <u>-</u>             | <u>116,824</u>       | <u>116,824</u>       | <u>-</u>  |
| Total other financing sources (uses)            | <u>4,680,250</u>     | <u>4,879,454</u>     | <u>4,833,733</u>     | <u>(45,721)</u>                                 |
| Change in fund balance                          | 3,790,345            | (23,874,603)         | (13,285,929)         | 10,588,674                                      |
| Fund balance, July 1, 2011                      | <u>34,399,424</u>    | <u>34,399,424</u>    | <u>34,399,424</u>    | <u>-</u>  |
| Fund balance, June 30, 2012                     | <u>\$ 38,189,769</u> | <u>\$ 10,524,821</u> | <u>\$ 21,113,495</u> | <u>\$ 10,588,674</u>                            |

See accompanying notes to required supplementary information.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**FUNDING PROGRESS**

For the Year Ended June 30, 2012

| <u>Schedule of Funding Progress</u> |                                 |                                  |  |  |                     |                        |  |
|-------------------------------------|---------------------------------|----------------------------------|--|--|---------------------|------------------------|--|
| <u>Fiscal Year Ended</u>            | <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded Actuarial Accrued Liability (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a Percentage of Covered Payroll</u> |
| 6/30/2008                           | December 1, 2006                | \$ -                             | \$ 505,700,000                           | \$ 505,700,000                                     | 0%                  | \$ 242,700,000         | 208.4%   |
| 6/30/2009                           | December 1, 2006                | \$ -                             | \$ 505,700,000                           | \$ 505,700,000                                     | 0%                  | \$ 255,800,000         | 197.7%   |
| 6/30/2010                           | December 1, 2008                | \$ -                             | \$ 552,400,000                           | \$ 552,400,000                                     | 0%                  | \$ 227,100,000         | 243.2%   |
| 6/30/2011                           | December 1, 2010                | \$ -                             | \$ 566,291,438                           | \$ 566,291,438                                     | 0%                  | \$ 227,500,000         | 248.9%   |
| 6/30/2012                           | December 1, 2010                | \$ -                             | \$ 591,600,000                           | \$ 591,600,000                                     | 0%                  | \$ 236,100,000         | 250.6%   |

See accompanying notes to required supplementary information.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. PURPOSE OF SCHEDULES**

**A - 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.

**B - Schedule of Other Postemployment Benefits Funding Progress**

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

**SUPPLEMENTARY INFORMATION**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2012

|                           | Charter School Fund | Adult Education Fund | Child Development Fund | Cafeteria Fund      | Deferred Maintenance Fund | Developer Fees Fund | County School Facilities Fund | Community Facilities Fund | Bond Interest and Redemption Fund | South Pocket Facilities Fund | Tax Override Fund | Total                |
|---------------------------|---------------------|----------------------|------------------------|---------------------|---------------------------|---------------------|-------------------------------|---------------------------|-----------------------------------|------------------------------|-------------------|----------------------|
| Cash in County Treasury   | \$ (3,125,950)      | \$ (2,631,200)       | \$ (1,680,961)         | \$ 427,315          | \$ 151,096                | \$ 3,716,851        | \$ (731,519)                  | \$ 10,575,086             | \$ 16,531,616                     | \$ -                         | \$ 163,757        | \$ 23,396,091        |
| Cash in banks             | -                   | -                    | -                      | 315,885             | -                         | -                   | -                             | -                         | -                                 | -                            | -                 | 315,885              |
| Cash in revolving account | -                   | -                    | -                      | 2,000               | -                         | -                   | -                             | -                         | -                                 | -                            | -                 | 2,000                |
| Cash awaiting deposit     | 28,909              | 1,110,114            | 288,722                | 1,562,194           | -                         | 260,183             | -                             | -                         | -                                 | -                            | -                 | 3,250,122            |
| Cash with Fiscal Agent    | -                   | -                    | -                      | -                   | -                         | -                   | -                             | -                         | -                                 | 3,487,312                    | -                 | 3,487,312            |
| Receivables               | 3,914,051           | 2,932,665            | 4,194,352              | 3,459,916           | 452                       | 79,680              | -                             | 11,967                    | 97,523                            | -                            | -                 | 14,690,606           |
| Due from other funds      | 2,391,558           | 1,176,742            | 252,517                | 353,445             | -                         | 2,000,000           | 731,519                       | -                         | -                                 | -                            | -                 | 6,905,781            |
| Stores inventory          | -                   | -                    | -                      | 435,839             | -                         | -                   | -                             | -                         | -                                 | -                            | -                 | 435,839              |
| <b>Total assets</b>       | <b>\$ 3,208,568</b> | <b>\$ 2,588,321</b>  | <b>\$ 3,054,630</b>    | <b>\$ 6,556,594</b> | <b>\$ 151,548</b>         | <b>\$ 6,056,714</b> | <b>\$ -</b>                   | <b>\$ 10,587,053</b>      | <b>\$ 16,629,139</b>              | <b>\$ 3,487,312</b>          | <b>\$ 163,757</b> | <b>\$ 52,483,636</b> |

LIABILITIES AND FUND BALANCES

|  |                     |                     |                     |                     |                   |                     |             |                      |                      |                     |                   |                      |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|-------------|----------------------|----------------------|---------------------|-------------------|----------------------|
| Liabilities:                               |                     |                     |                     |                     |                   |                     |             |                      |                      |                     |                   |                      |
| Accounts payable                           | \$ 194,103          | \$ 319,401          | \$ 546,158          | \$ 781,827          | \$ 59,872         | \$ 2,715            | \$ -        | \$ 5,656             | \$ 8,769             | \$ -                | \$ -              | \$ 1,918,501         |
| Deferred revenue                           | 101,065             | 1,646               | 7,292               | -                   | -                 | -                   | -           | -                    | 5,482,984            | -                   | -                 | 5,592,987            |
| Due to other funds                         | 2,031,627           | 361,757             | 612,283             | 81,985              | 89                | -                   | -           | -                    | -                    | -                   | -                 | 3,087,741            |
| <b>Total liabilities</b>                   | <b>2,326,795</b>    | <b>682,804</b>      | <b>1,165,733</b>    | <b>863,812</b>      | <b>59,961</b>     | <b>2,715</b>        | <b>-</b>    | <b>5,656</b>         | <b>5,491,753</b>     | <b>-</b>            | <b>-</b>          | <b>10,599,229</b>    |
| Fund balances:                             |                     |                     |                     |                     |                   |                     |             |                      |                      |                     |                   |                      |
| Nonspendable                               | -                   | -                   | -                   | 437,839             | -                 | -                   | -           | -                    | -                    | -                   | -                 | 437,839              |
| Restricted                                 | 881,773             | 1,905,517           | 1,888,897           | 5,254,943           | 91,587            | 6,053,999           | -           | 10,581,397           | 11,137,386           | 3,487,312           | 163,757           | 41,446,568           |
| <b>Total fund balances</b>                 | <b>881,773</b>      | <b>1,905,517</b>    | <b>1,888,897</b>    | <b>5,692,782</b>    | <b>91,587</b>     | <b>6,053,999</b>    | <b>-</b>    | <b>10,581,397</b>    | <b>11,137,386</b>    | <b>3,487,312</b>    | <b>163,757</b>    | <b>41,884,407</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 3,208,568</b> | <b>\$ 2,588,321</b> | <b>\$ 3,054,630</b> | <b>\$ 6,556,594</b> | <b>\$ 151,548</b> | <b>\$ 6,056,714</b> | <b>\$ -</b> | <b>\$ 10,587,053</b> | <b>\$ 16,629,139</b> | <b>\$ 3,487,312</b> | <b>\$ 163,757</b> | <b>\$ 52,483,636</b> |

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, 2012

|   | Charter<br>School<br>Fund | Adult<br>Education<br>Fund | Child<br>Development<br>Fund | Cafeteria<br>Fund   | Deferred<br>Maintenance<br>Fund | Developer<br>Fees<br>Fund | County<br>School<br>Facilities<br>Fund | Community<br>Facilities<br>Fund | Bond<br>Interest and<br>Redemption<br>Fund | South<br>Pocket<br>Facilities<br>Fund | Tax<br>Override<br>Fund | Total                |
|---|---------------------------|----------------------------|------------------------------|---------------------|---------------------------------|---------------------------|--|---------------------------------|--|---------------------------------------|-------------------------|----------------------|
| Revenues:   |                           |                            |                              |                     |                                 |                           |  |                                 |  |                                       |                         |                      |
| Revenue limit sources:                                    |                           |                            |                              |                     |                                 |                           |  |                                 |  |                                       |                         |                      |
| State apportionment                                       | \$ 8,281,100              | \$ -                       | \$ -                         | \$ -                | \$ -                            | \$ -                      | \$ -                                   | \$ -                            | \$ -                                       | \$ -                                  | \$ -                    | \$ 8,281,100         |
| Federal sources   | 527,948                   | 3,839,602                  | 11,296,557                   | 17,399,556          | -                               | -                         | -                                      | -                               | -  | -                                     | -                       | 33,063,663           |
| Other state sources                                       | 1,955,247                 | 5,840,179                  | 3,728,515                    | 1,363,296           | 750,000                         | -                         | 731,519                                | -                               | 357,936                                    | -                                     | -                       | 14,726,692           |
| Other local sources                                       | 86,797                    | 3,901,698                  | 2,165,941                    | 1,434,204           | 797                             | 2,054,078                 | -                                      | 1,275,927                       | 25,781,856                                 | 903,933                               | -                       | 37,605,231           |
| Total revenues  | <u>10,851,092</u>         | <u>13,581,479</u>          | <u>17,191,013</u>            | <u>20,197,056</u>   | <u>750,797</u>                  | <u>2,054,078</u>          | <u>731,519</u>                         | <u>1,275,927</u>                | <u>26,139,792</u>                          | <u>903,933</u>                        | <u>-</u>                | <u>93,676,686</u>    |
| Expenditures:   |                           |                            |                              |                     |                                 |                           |  |                                 |  |                                       |                         |                      |
| Certificated salaries                                     | 5,151,274                 | 3,510,092                  | 6,113,837                    | -                   | -                               | -                         | -                                      | -                               | -  | -                                     | -                       | 14,775,203           |
| Classified salaries                                       | 680,264                   | 1,974,254                  | 4,463,047                    | 6,261,971           | 659,557                         | -                         | -                                      | -                               | -  | -                                     | -                       | 14,039,093           |
| Employee benefits   | 2,850,345                 | 2,785,504                  | 6,647,872                    | 3,477,649           | 120,415                         | -                         | -                                      | -                               | -  | -                                     | -                       | 15,881,785           |
| Books and supplies  | 385,831                   | 484,781                    | 773,513                      | 8,241,433           | 445,820                         | 2,362                     | -                                      | 24,125                          | -  | -                                     | -                       | 10,357,865           |
| Contract services and operating expenditures              | 1,087,287                 | 2,812,670                  | 440,528                      | (52,917)            | 189,424                         | 28,748                    | -                                      | 40,815                          | -  | -                                     | -                       | 4,546,555            |
| Capital outlay  | -                         | -                          | 96,263                       | 5,990               | -                               | -                         | -                                      | 16,705                          | 1,974                                      | -                                     | -                       | 118,958              |
| Other outgo   | -                         | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | -  | -                                     | -                       | 1,974                |
| Debt service:   |                           |                            |                              |                     |                                 |                           |  |                                 |  |                                       |                         |                      |
| Principal retirement                                      | -                         | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | 9,500,000                                  | 600,000                               | -                       | 10,100,000           |
| Interest  | -                         | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | 14,330,105                                 | 83,215                                | -                       | 14,413,320           |
| Total expenditures  | <u>10,155,001</u>         | <u>11,567,301</u>          | <u>18,535,060</u>            | <u>17,934,126</u>   | <u>1,415,216</u>                | <u>31,110</u>             | <u>-</u>                               | <u>81,645</u>                   | <u>23,832,079</u>                          | <u>683,215</u>                        | <u>-</u>                | <u>84,234,753</u>    |
| Excess (deficiency) of revenues over (under) expenditures | <u>696,091</u>            | <u>2,014,178</u>           | <u>(1,344,047)</u>           | <u>2,262,930</u>    | <u>(664,419)</u>                | <u>2,022,968</u>          | <u>731,519</u>                         | <u>1,194,282</u>                | <u>2,307,713</u>                           | <u>220,718</u>                        | <u>-</u>                | <u>9,441,933</u>     |
| Other financing sources (uses):                           |                           |                            |                              |                     |                                 |                           |  |                                 |  |                                       |                         |                      |
| Operating transfers in                                    | 17,890                    | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | -  | -                                     | -                       | 17,890               |
| Operating transfers out                                   | (774,615)                 | (2,550,160)                | (601,548)                    | (675,756)           | (132,720)                       | -                         | (731,519)                              | -                               | -  | -                                     | -                       | (5,466,318)          |
| Proceeds from the issuance of debt                        | -                         | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | -  | 113,245,000                           | -                       | 113,245,000          |
| Advance refunding   | -                         | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | -  | 121,210,000                           | -                       | 121,210,000          |
| Other financing sources                                   | -                         | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | -  | 10,762,567                            | -                       | 10,762,567           |
| Other financing uses                                      | -                         | -                          | -                            | -                   | -                               | -                         | -                                      | -                               | -  | (2,797,567)                           | -                       | (2,797,567)          |
| Total other financing sources (uses)                      | <u>(756,725)</u>          | <u>(2,550,160)</u>         | <u>(601,548)</u>             | <u>(675,756)</u>    | <u>(132,720)</u>                | <u>-</u>                  | <u>(731,519)</u>                       | <u>-</u>                        | <u>-</u>                                   | <u>-</u>                              | <u>-</u>                | <u>(5,448,428)</u>   |
| Net change in fund balances                               | <u>(60,634)</u>           | <u>(535,982)</u>           | <u>(1,945,595)</u>           | <u>1,587,174</u>    | <u>(797,139)</u>                | <u>2,022,968</u>          | <u>-</u>                               | <u>1,194,282</u>                | <u>2,307,713</u>                           | <u>220,718</u>                        | <u>-</u>                | <u>3,993,505</u>     |
| Fund balances, July 1, 2011                               | <u>942,407</u>            | <u>2,441,499</u>           | <u>3,834,492</u>             | <u>4,105,608</u>    | <u>888,726</u>                  | <u>4,031,031</u>          | <u>-</u>                               | <u>9,387,115</u>                | <u>8,829,673</u>                           | <u>3,266,594</u>                      | <u>163,757</u>          | <u>37,890,902</u>    |
| Fund balances, June 30, 2012                              | <u>\$ 881,773</u>         | <u>\$ 1,905,517</u>        | <u>\$ 1,888,897</u>          | <u>\$ 5,692,782</u> | <u>\$ 91,587</u>                | <u>\$ 6,053,999</u>       | <u>\$ -</u>                            | <u>\$ 10,581,397</u>            | <u>\$ 11,137,386</u>                       | <u>\$ 3,487,312</u>                   | <u>\$ 163,757</u>       | <u>\$ 41,884,407</u> |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES**

**ALL AGENCY FUNDS**

**For the Year Ended June 30, 2012**

|                                   | <u>Balance</u><br><u>July 1,</u><br><u>2011</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30,</u><br><u>2012</u> |
|-----------------------------------|---|-------------------|-------------------|--|
| <b>Student Body Funds</b>         |   |                   |                   |  |
| <u>C.K. McClatchy High School</u> |   |                   |                   |  |
| Assets:                           |   |                   |                   |  |
| Cash on hand and in banks         | \$ 273,106                                      | \$ 330,998        | \$ 280,116        | \$ 323,988                                       |
| Receivables                       | -   | -                 | -                 | -  |
| Stores inventory                  | -   | -                 | -                 | -  |
| Capital assets                    | -   | -                 | -                 | -  |
|                                   | <u>273,106</u>                                  | <u>330,998</u>    | <u>280,116</u>    | <u>323,988</u>                                   |
| Total assets                      | <u>\$ 273,106</u>                               | <u>\$ 330,998</u> | <u>\$ 280,116</u> | <u>\$ 323,988</u>                                |
| Liabilities:                      |   |                   |                   |  |
| Accounts payable                  | \$ -  | \$ -              | \$ -              | \$ -   |
| Due to student groups             | <u>273,106</u>                                  | <u>330,998</u>    | <u>280,116</u>    | <u>323,988</u>                                   |
|                                   | <u>273,106</u>                                  | <u>330,998</u>    | <u>280,116</u>    | <u>323,988</u>                                   |
| Total liabilities                 | <u>\$ 273,106</u>                               | <u>\$ 330,998</u> | <u>\$ 280,116</u> | <u>\$ 323,988</u>                                |
| <u>Hiram Johnson High School</u>  |   |                   |                   |  |
| Assets:                           |   |                   |                   |  |
| Cash on hand and in banks         | \$ 48,511                                       | \$ 149,220        | \$ 153,187        | \$ 44,544  |
| Receivables                       | -   | -                 | -                 | -  |
| Stores inventory                  | 3,500   | -                 | -                 | 3,500  |
| Capital assets                    | <u>9,470</u>                                    | <u>-</u>          | <u>-</u>          | <u>9,470</u>                                     |
|                                   | <u>61,481</u>                                   | <u>149,220</u>    | <u>153,187</u>    | <u>57,514</u>                                    |
| Total assets                      | <u>\$ 61,481</u>                                | <u>\$ 149,220</u> | <u>\$ 153,187</u> | <u>\$ 57,514</u>                                 |
| Liabilities:                      |   |                   |                   |  |
| Accounts payable                  | \$ -  | \$ -              | \$ -              | \$ -   |
| Due to student groups             | <u>61,481</u>                                   | <u>149,220</u>    | <u>153,187</u>    | <u>57,514</u>                                    |
|                                   | <u>61,481</u>                                   | <u>149,220</u>    | <u>153,187</u>    | <u>57,514</u>                                    |
| Total liabilities                 | <u>\$ 61,481</u>                                | <u>\$ 149,220</u> | <u>\$ 153,187</u> | <u>\$ 57,514</u>                                 |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2012**

|                                    | <u>Balance</u><br><u>July 1,</u><br><u>2011</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30,</u><br><u>2012</u> |
|------------------------------------|---|-------------------|-------------------|--|
| <b>Student Body Funds</b>          |   |                   |                   |  |
| <u>Luther Burbank High School</u>  |   |                   |                   |  |
| Assets:                            |   |                   |                   |  |
| Cash on hand and in banks          | \$ 123,702                                      | \$ 233,865        | \$ 207,973        | \$ 149,594                                       |
| Receivables                        | -   | -                 | -                 | -  |
| Stores inventory                   | 303   | 153               | -                 | 456  |
| Capital assets                     | -   | -                 | -                 | -  |
|                                    | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total assets                       | <u>\$ 124,005</u>                               | <u>\$ 234,018</u> | <u>\$ 207,973</u> | <u>\$ 150,050</u>                                |
| Liabilities:                       |   |                   |                   |  |
| Accounts payable                   | \$ 28,939                                       | \$ 11,226         | \$ 7,662          | \$ 32,503  |
| Due to student groups              | <u>95,066</u>                                   | <u>222,792</u>    | <u>200,311</u>    | <u>117,547</u>                                   |
|                                    | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total liabilities                  | <u>\$ 124,005</u>                               | <u>\$ 234,018</u> | <u>\$ 207,973</u> | <u>\$ 150,050</u>                                |
| <u>John F. Kennedy High School</u> |   |                   |                   |  |
| Assets:                            |   |                   |                   |  |
| Cash on hand and in banks          | \$ 171,579                                      | \$ 414,556        | \$ 452,656        | \$ 133,479                                       |
| Receivables                        | 492   | 729               | 1,115             | 106  |
| Stores inventory                   | -   | -                 | -                 | -  |
| Capital assets                     | -   | -                 | -                 | -  |
|                                    | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total assets                       | <u>\$ 172,071</u>                               | <u>\$ 415,285</u> | <u>\$ 453,771</u> | <u>\$ 133,585</u>                                |
| Liabilities:                       |   |                   |                   |  |
| Accounts payable                   | \$ 26,279                                       | \$ 39,496         | \$ 37,032         | \$ 28,743  |
| Due to student groups              | <u>145,792</u>                                  | <u>375,728</u>    | <u>416,678</u>    | <u>104,842</u>                                   |
|                                    | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total liabilities                  | <u>\$ 172,071</u>                               | <u>\$ 415,224</u> | <u>\$ 453,710</u> | <u>\$ 133,585</u>                                |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2012**

|                                       | <u>Balance</u><br><u>July 1,</u><br><u>2011</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30,</u><br><u>2012</u> |
|---------------------------------------|---|-------------------|-------------------|--|
| <b>Student Body Funds (Continued)</b> |   |                   |                   |  |
| <u>Rosemont High School</u>           |   |                   |                   |  |
| Assets:                               |   |                   |                   |  |
| Cash on hand and in banks             | \$ 78,600                                       | \$ 225,504        | \$ 217,693        | \$ 86,411  |
| Receivables                           | -   | -                 | -                 | -  |
| Stores inventory                      | -   | -                 | -                 | -  |
| Capital assets                        | -   | -                 | -                 | -  |
|                                       | <u>78,600</u>                                   | <u>225,504</u>    | <u>217,693</u>    | <u>86,411</u>                                    |
| Total assets                          | <u>\$ 78,600</u>                                | <u>\$ 225,504</u> | <u>\$ 217,693</u> | <u>\$ 86,411</u>                                 |
| Liabilities:                          |   |                   |                   |  |
| Accounts payable                      | \$ -  | \$ -              | \$ -              | \$ -   |
| Due to student groups                 | <u>78,600</u>                                   | <u>225,504</u>    | <u>217,693</u>    | <u>86,411</u>                                    |
|                                       | <u>78,600</u>                                   | <u>225,504</u>    | <u>217,693</u>    | <u>86,411</u>                                    |
| Total liabilities                     | <u>\$ 78,600</u>                                | <u>\$ 225,504</u> | <u>\$ 217,693</u> | <u>\$ 86,411</u>                                 |
| <u>Hiram Johnson West Campus</u>      |   |                   |                   |  |
| Assets:                               |   |                   |                   |  |
| Cash on hand and in banks             | \$ 118,317                                      | \$ 303,976        | \$ 285,625        | \$ 136,668                                       |
| Receivables                           | -   | -                 | -                 | -  |
| Stores inventory                      | -   | -                 | -                 | -  |
| Capital assets                        | -   | -                 | -                 | -  |
|                                       | <u>118,317</u>                                  | <u>303,976</u>    | <u>285,625</u>    | <u>136,668</u>                                   |
| Total assets                          | <u>\$ 118,317</u>                               | <u>\$ 303,976</u> | <u>\$ 285,625</u> | <u>\$ 136,668</u>                                |
| Liabilities:                          |   |                   |                   |  |
| Accounts payable                      | \$ -  | \$ -              | \$ -              | \$ -   |
| Due to student groups                 | <u>118,317</u>                                  | <u>303,976</u>    | <u>285,625</u>    | <u>136,668</u>                                   |
|                                       | <u>118,317</u>                                  | <u>303,976</u>    | <u>285,625</u>    | <u>136,668</u>                                   |
| Total liabilities                     | <u>\$ 118,317</u>                               | <u>\$ 303,976</u> | <u>\$ 285,625</u> | <u>\$ 136,668</u>                                |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2012**

|   | <u>Balance</u><br><u>July 1,</u><br><u>2011</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30,</u><br><u>2012</u> |
|---|---|-------------------|-------------------|--|
| <b>Student Body Funds (Continued)</b>               |   |                   |                   |  |
| <u>Charles A. Jones Skills and Education Center</u> |   |                   |                   |  |
| <b>Assets:</b>                                      |   |                   |                   |  |
| Cash on hand and in banks                           | \$ 28,480                                       | \$ 14,876         | \$ 20,877         | \$ 22,479  |
| Receivables   | 28,423  | -                 | -                 | 28,423   |
| Stores inventory                                    | 109,100   | -                 | -                 | 109,100  |
| Capital assets                                      | -   | -                 | -                 | -  |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total assets  | <u>\$ 166.003</u>                               | <u>\$ 14.876</u>  | <u>\$ 20.877</u>  | <u>\$ 160.002</u>                                |
| <b>Liabilities:</b>                                 |   |                   |                   |  |
| Accounts payable                                    | \$ 53,938                                       | \$ -              | \$ -              | \$ 53,938  |
| Due to student groups                               | <u>112,065</u>                                  | <u>14,876</u>     | <u>20,877</u>     | <u>106,064</u>                                   |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total liabilities                                   | <u>\$ 166.003</u>                               | <u>\$ 14.876</u>  | <u>\$ 20.877</u>  | <u>\$ 160.002</u>                                |
| <u>Fremont School for Adults</u>                    |   |                   |                   |  |
| <b>Assets:</b>                                      |   |                   |                   |  |
| Cash on hand and in banks                           | \$ 1,568  | \$ 9,987          | \$ 1,544          | \$ 10,011  |
| Receivables   | -   | -                 | -                 | -  |
| Stores inventory                                    | -   | -                 | -                 | -  |
| Capital assets                                      | -   | -                 | -                 | -  |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total assets  | <u>\$ 1.568</u>                                 | <u>\$ 9.987</u>   | <u>\$ 1.544</u>   | <u>\$ 10.011</u>                                 |
| <b>Liabilities:</b>                                 |   |                   |                   |  |
| Accounts payable                                    | \$ -  | \$ -              | \$ -              | \$ -   |
| Due to student groups                               | <u>1,568</u>                                    | <u>9,987</u>      | <u>1,544</u>      | <u>10,011</u>                                    |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total liabilities                                   | <u>\$ 1.568</u>                                 | <u>\$ 9.987</u>   | <u>\$ 1.544</u>   | <u>\$ 10.011</u>                                 |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2012**

|   | <u>Balance</u><br><u>July 1,</u><br><u>2011</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance</u><br><u>June 30,</u><br><u>2012</u> |
|---|---|-------------------|-------------------|--|
| <b>Student Body Funds (Continued)</b>   |   |                   |                   |  |
| <u>A. Warren McClaskey Adult Center</u> |   |                   |                   |  |
| Assets:                                 |   |                   |                   |  |
| Cash on hand and in banks               | \$ 27,014                                       | \$ 27,291         | \$ 22,577         | \$ 31,728  |
| Receivables                             | -   | -                 | -                 | -  |
| Stores inventory                        | -   | -                 | -                 | -  |
| Capital assets                          | -   | -                 | -                 | -  |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total assets                            | <u>\$ 27,014</u>                                | <u>\$ 27,291</u>  | <u>\$ 22,577</u>  | <u>\$ 31,728</u>                                 |
| Liabilities:                            |   |                   |                   |  |
| Accounts payable                        | \$ -  | \$ -              | \$ -              | \$ -   |
| Due to student groups                   | <u>27,014</u>                                   | <u>27,291</u>     | <u>22,577</u>     | <u>31,728</u>                                    |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total liabilities                       | <u>\$ 27,014</u>                                | <u>\$ 27,291</u>  | <u>\$ 22,577</u>  | <u>\$ 31,728</u>                                 |
| <u>Old Marshall</u>                     |   |                   |                   |  |
| Assets:                                 |   |                   |                   |  |
| Cash on hand and in banks               | \$ 11,439                                       | \$ -              | \$ 11,439         | \$ -   |
| Receivables                             | -   | -                 | -                 | -  |
| Stores inventory                        | -   | -                 | -                 | -  |
| Capital assets                          | -   | -                 | -                 | -  |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total assets                            | <u>\$ 11,439</u>                                | <u>\$ -</u>       | <u>\$ 11,439</u>  | <u>\$ -</u>                                      |
| Liabilities:                            |   |                   |                   |  |
| Accounts payable                        | \$ -  | \$ -              | \$ -              | \$ -   |
| Due to student groups                   | <u>11,439</u>                                   | <u>-</u>          | <u>11,439</u>     | <u>-</u>   |
|   | <u>          </u>                               | <u>          </u> | <u>          </u> | <u>          </u>                                |
| Total liabilities                       | <u>\$ 11,439</u>                                | <u>\$ -</u>       | <u>\$ 11,439</u>  | <u>\$ -</u>                                      |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS**  
**AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2012**

|                                       | <u>Balance</u><br><u>July 1,</u><br><u>2011</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Balance</u><br><u>June 30,</u><br><u>2012</u> |
|---------------------------------------|---|---------------------|---------------------|--|
| <b>Student Body Funds (Continued)</b> |   |                     |                     |  |
| <u>Elementary and Middle Schools</u>  |   |                     |                     |  |
| <b>Assets:</b>                        |   |                     |                     |  |
| Cash on hand and in banks             | \$ 529,169                                      | \$ 1,251,381        | \$ 1,276,711        | \$ 503,839                                       |
| Receivables                           | -   | -                   | -                   | -  |
| Stores inventory                      | -   | -                   | -                   | -  |
| Capital assets                        | -   | -                   | -                   | -  |
|                                       | <u>529,169</u>                                  | <u>1,251,381</u>    | <u>1,276,711</u>    | <u>503,839</u>                                   |
| Total assets                          | <u>\$ 529,169</u>                               | <u>\$ 1,251,381</u> | <u>\$ 1,276,711</u> | <u>\$ 503,839</u>                                |
| <b>Liabilities:</b>                   |   |                     |                     |  |
| Accounts payable                      | \$ -  | \$ -                | \$ -                | \$ -   |
| Due to student groups                 | <u>529,169</u>                                  | <u>1,251,381</u>    | <u>1,276,711</u>    | <u>503,839</u>                                   |
|                                       | <u>529,169</u>                                  | <u>1,251,381</u>    | <u>1,276,711</u>    | <u>503,839</u>                                   |
| Total liabilities                     | <u>\$ 529,169</u>                               | <u>\$ 1,251,381</u> | <u>\$ 1,276,711</u> | <u>\$ 503,839</u>                                |
| <u>Total Agency Funds</u>             |   |                     |                     |  |
| <b>Assets:</b>                        |   |                     |                     |  |
| Cash on hand and in banks             | \$ 1,411,485                                    | \$ 2,961,654        | \$ 2,930,398        | \$ 1,442,741                                     |
| Receivables                           | 28,915  | 729                 | 1,115               | 28,529   |
| Stores inventory                      | 112,903   | 153                 | -                   | 113,056  |
| Capital assets                        | <u>9,470</u>                                    | <u>-</u>            | <u>-</u>            | <u>9,470</u>                                     |
|                                       | <u>1,562,773</u>                                | <u>2,962,536</u>    | <u>2,931,513</u>    | <u>1,593,796</u>                                 |
| Total assets                          | <u>\$ 1,562,773</u>                             | <u>\$ 2,962,536</u> | <u>\$ 2,931,513</u> | <u>\$ 1,593,796</u>                              |
| <b>Liabilities:</b>                   |   |                     |                     |  |
| Accounts payable                      | \$ 109,156                                      | \$ 50,722           | \$ 44,694           | \$ 115,184                                       |
| Due to student groups                 | <u>1,453,617</u>                                | <u>2,911,753</u>    | <u>2,886,758</u>    | <u>1,478,612</u>                                 |
|                                       | <u>1,562,773</u>                                | <u>2,962,475</u>    | <u>2,931,452</u>    | <u>1,593,796</u>                                 |
| Total liabilities                     | <u>\$ 1,562,773</u>                             | <u>\$ 2,962,475</u> | <u>\$ 2,931,452</u> | <u>\$ 1,593,796</u>                              |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**June 30, 2012**

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. The District operated fifty elementary schools (grades K-6), five elementary/middle schools (grades K-8), nine middle schools (grades 7-8), one 7-12 middle/high school, seven high schools (grades 9-12), one independent study school, two continuation/alternative schools, three adult education centers, two special education centers and forty-seven children's centers and preschools, serving infants through age 12. Twelve charter schools also operated in the District serving kindergarten through grade twelve, four of which were governed by the District Board of Education. There were no changes to District boundaries for the current year.

**GOVERNING BOARD**

| <u>Name</u>     | <u>Office</u>         | <u>Term Expires</u> |
|-----------------|-----------------------|---------------------|
| Diana Rodriguez | President             | November 2012       |
| Darrel Woo      | First Vice President  | November 2012       |
| Jeff Cuneo      | Second Vice President | November 2014       |
| Ellyne Bell     | Member                | November 2014       |
| Gustavo Arroyo  | Member                | November 2012       |
| Donald Terry    | Member                | November 2012       |
| Patrick Kennedy | Member                | November 2014       |
| Isaac Gardon    | Student Member        | June 2012           |

**ADMINISTRATION**

Jonathan P. Raymond  
Superintendent

Vacant  
Chief Academic Officer

Olivine Roberts, Ed.D.  
Chief Accountability Officer

Jess Serna  
Chief Human Resource Officer

Koua Franz  
Chief Family and Community Engagement Officer

Patricia Hagemeyer  
Chief Business Officer

Gabe Ross  
Chief Communications Officer

Teresa Cummings, Ph.D.  
Chief of Staff

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**For the Year Ended June 30, 2012**

| <u>District</u>   | <u>Second<br/>Period<br/>Report</u> | <u>Annual<br/>Report</u> |
|---|-------------------------------------|--------------------------|
| <b>Elementary:</b>  |                                     |                          |
| Kindergarten  | 3,474                               | 3,473                    |
| First through Third   | 9,967                               | 9,963                    |
| Fourth through Eighth   | 15,422                              | 15,367                   |
| Home and Hospital   | 23                                  | 24                       |
| Special Education   | 1,282                               | 1,295                    |
| Community Day School  | <u>26</u>                           | <u>35</u>                |
| Total Elementary  | <u>30,194</u>                       | <u>30,157</u>            |
| <b>Secondary:</b>   |                                     |                          |
| Regular Classes   | 10,177                              | 10,012                   |
| Special Education   | 689                                 | 681                      |
| Compulsory Continuation Education   | 268                                 | 260                      |
| Home and Hospital   | <u>21</u>                           | <u>20</u>                |
| Total Secondary   | <u>11,155</u>                       | <u>10,973</u>            |
| District ADA Totals   | <u><u>41,349</u></u>                | <u><u>41,130</u></u>     |
| <br><b><u>Charter Schools</u></b>   |                                     |                          |
| <b>Bowling Green Elementary - Classroom-Based:</b>                                    |                                     |                          |
| Kindergarten  | 159                                 | 171                      |
| First through Third   | 286                                 | 280                      |
| Fourth through Sixth  | <u>286</u>                          | <u>280</u>               |
| Total Bowling Green Elementary Charter  | <u>731</u>                          | <u>731</u>               |
| <br><b>George Washington Carver School of Arts and Science -<br/>Classroom-Based:</b> |                                     |                          |
| Ninth through Twelfth   | <u>265</u>                          | <u>265</u>               |
| <br><b>New Technology High - Classroom-Based:</b>                                     |                                     |                          |
| Ninth through Twelfth   | <u>265</u>                          | <u>290</u>               |
| <br><b>The MET - Non-Classroom-Based:</b>   |                                     |                          |
| Ninth through Twelfth   | <u>232</u>                          | <u>239</u>               |
| Total Charter Schools   | <u><u>1,493</u></u>                 | <u><u>1,525</u></u>      |

See accompanying notes to supplementary information.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**

For the Year Ended June 30, 2012

| <u>Grade Level</u>  | <u>Statutory<br/>1986-87<br/>Minutes<br/>Require-<br/>ment</u> | <u>Reduced<br/>1986-87<br/>Minutes<br/>Require-<br/>ment</u> | <u>Statutory<br/>1982-83<br/>Actual<br/>Minutes</u> | <u>Reduced<br/>1982-83<br/>Actual<br/>Minutes</u> | <u>2011-12<br/>Actual<br/>Minutes</u> | <u>Number<br/>of Days<br/>Traditional<br/>Calendar</u> | <u>Number<br/>of Days<br/>Multitrack<br/>Calendar</u> | <u>Status</u> |
|---|--|--|---|---|---------------------------------------|--|---|---------------|
| <b><u>District</u></b>  |  |  |   |   |                                       |  |   |               |
| Kindergarten  | 36,000   | 33,600   | 35,094  | 32,754  | 34,905                                | 177  | N/A   | In Compliance |
| Grade 1   | 50,400   | 47,040   | 44,137  | 41,195  | 48,900                                | 177  | N/A   | In Compliance |
| Grade 2   | 50,400   | 47,040   | 44,137  | 41,195  | 48,900                                | 177  | N/A   | In Compliance |
| Grade 3   | 50,400   | 47,040   | 44,137  | 41,195  | 48,900                                | 177  | N/A   | In Compliance |
| Grade 4   | 54,000   | 50,400   | 52,875  | 49,350  | 52,332                                | 177  | N/A   | In Compliance |
| Grade 5   | 54,000   | 50,400   | 52,875  | 49,350  | 52,332                                | 177  | N/A   | In Compliance |
| Grade 6   | 54,000   | 50,400   | 52,875  | 49,350  | 52,332                                | 177  | N/A   | In Compliance |
| Grade 7   | 54,000   | 50,400   | 58,163  | 54,285  | 56,666                                | 177  | N/A   | In Compliance |
| Grade 8   | 54,000   | 50,400   | 58,163  | 54,285  | 56,666                                | 177  | N/A   | In Compliance |
| Grade 9   | 64,800   | 60,480   | 60,549  | 56,512  | 64,198                                | 177  | N/A   | In Compliance |
| Grade 10  | 64,800   | 60,480   | 60,549  | 56,512  | 64,198                                | 177  | N/A   | In Compliance |
| Grade 11  | 64,800   | 60,480   | 60,549  | 56,512  | 64,198                                | 177  | N/A   | In Compliance |
| Grade 12  | 64,800   | 60,480   | 60,549  | 56,512  | 64,198                                | 177  | N/A   | In Compliance |
| <b><u>Bowling Green Charter School - Classroom Based</u></b>                        |  |  |   |   |                                       |  |   |               |
| Kindergarten  | 36,000   | 33,531   | N/A   | N/A   | 35,800                                | 177  | N/A   | In Compliance |
| Grade 1   | 50,400   | 46,944   | N/A   | N/A   | 50,315                                | 177  | N/A   | In Compliance |
| Grade 2   | 50,400   | 46,944   | N/A   | N/A   | 50,315                                | 177  | N/A   | In Compliance |
| Grade 3   | 50,400   | 46,944   | N/A   | N/A   | 50,315                                | 177  | N/A   | In Compliance |
| Grade 4   | 54,000   | 50,297   | N/A   | N/A   | 53,699                                | 177  | N/A   | In Compliance |
| Grade 5   | 54,000   | 50,297   | N/A   | N/A   | 53,699                                | 177  | N/A   | In Compliance |
| Grade 6   | 54,000   | 50,297   | N/A   | N/A   | 53,699                                | 177  | N/A   | In Compliance |
| <b><u>George Washington Carver School of Arts and Science - Classroom Based</u></b> |  |  |   |   |                                       |  |   |               |
| Grade 9   | 64,800   | 60,357   | N/A   | N/A   | 65,530                                | 177  | N/A   | In Compliance |
| Grade 10  | 64,800   | 60,357   | N/A   | N/A   | 65,530                                | 177  | N/A   | In Compliance |
| Grade 11  | 64,800   | 60,357   | N/A   | N/A   | 65,530                                | 177  | N/A   | In Compliance |
| Grade 12  | 64,800   | 60,357   | N/A   | N/A   | 65,530                                | 177  | N/A   | In Compliance |
| <b><u>Sacramento New Technology High School - Classroom Based</u></b>               |  |  |   |   |                                       |  |   |               |
| Grade 9   | 64,800   | 60,357   | N/A   | N/A   | 64,577                                | 177  | N/A   | In Compliance |
| Grade 10  | 64,800   | 60,357   | N/A   | N/A   | 64,577                                | 177  | N/A   | In Compliance |
| Grade 11  | 64,800   | 60,357   | N/A   | N/A   | 64,577                                | 177  | N/A   | In Compliance |
| Grade 12  | 64,800   | 60,357   | N/A   | N/A   | 64,577                                | 177  | N/A   | In Compliance |

See accompanying notes to supplementary information.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**

For the Year Ended June 30, 2012

| <u>Federal Catalog Number</u>   | <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>                              | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|---|---|-----------------------------|
| <u>U.S. Department of Education - Passed through California Department of Education</u> |   |   |                             |
| Special Education Cluster:  |   |   |                             |
| 84.027  | Special Education IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611 (Formerly 94-142) | 13379   | \$ 8,816,110                |
| 84.173  | Special Education: IDEA Preschool Grants, Part B, Section 619 (Age 3-5)                           | 13430   | 275,382                     |
| 84.027A   | Special Education IDEA: Preschool Local Entitlement, Part B, Sec 611 (Age 3-5)                    | 13682   | 414,042                     |
| 84.173A   | Special Education: Alternative Dispute Resolution, Part B, Sec 611                                | 13007   | 15,000                      |
| 84.391  | Special Education: ARRA IDEA, Part B, Sec 611, Basic Local Assistance                             | 15003   | 527,685                     |
| 84.027  | Special Education: IDEA, Mental Health Services, Part B, Sec 611                                  | 14468   | 57,740                      |
| 84.173A   | Special Education: IDEA, Preschool Staff Development, Part B, Sec 619                             | 13431   | <u>6,222</u>                |
|   | Subtotal Special Education Cluster  |   | <u>10,112,181</u>           |
| NCLB: Title I Cluster:  |   |   |                             |
| 84.010  | NCLB: Title I, Part A, Basic Grants Low-Income and Neglected                                      | 14329   | 18,741,069                  |
| 84.010  | NCLB: Title I, Part D, Subpart 2, Local Delinquent Program  | 14357   | 124,144                     |
| 84.010  | NCLB: Title I, Part A, Program Improvement LEA, Corrective Action, Moderate Performance Problems  | 14956   | 3,788,408                   |
| 84.389  | NCLB: ARRA Title I, Part A, Basic Grants Low Income and Neglected                                 | 15005   | 1,976,510                   |
| 84.389  | NCLB: ARRA Title I, Part D, Local Delinquent Programs   | 15009   | <u>63,099</u>               |
|   | Subtotal NCLB: Title I Cluster  |   | <u>24,693,230</u>           |
| Educational Technology State Grants Cluster:  |   |   |                             |
| 84.318  | NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants             | 14334   | 86,276                      |
| 84.386  | NCLB: ARRA Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants        | 15019   | <u>64,519</u>               |
|   | Subtotal Educational Technology State Grants Cluster  |   | <u>150,795</u>              |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
(Continued)  
**For the Year Ended June 30, 2012**

| <u>Federal Catalog Number</u>   | <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>                         | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|--|---|-----------------------------|
| <u>U.S. Department of Education - Passed through California Department of Education (Continued)</u> |  |   |                             |
|   | Adult Education Program:   |   |                             |
| 84.002A   | Adult Education: Adult Basic Education & ESL<br>Section 231                                  | 14508   | \$ 601,088                  |
| 84.002  | Adult Education: Adult Basic Secondary Education<br>Section 231                              | 13978   | 123,892                     |
| 84.002A   | Adult Education: English Literacy and Civics<br>Education Local Grant                        | 14109   | <u>315,512</u>              |
|   | Subtotal Adult Education   |   | <u>1,040,492</u>            |
|   | 84.215 Program:  |   |                             |
| 84.215L   | Smaller Learning Community   | *   | 1,337,629                   |
| 84.215E   | Project Thrive   | *   | 399,926                     |
| 84.215X   | Teaching American History Grant  | *   | <u>280,403</u>              |
|   | Subtotal 84.215  |   | <u>2,017,958</u>            |
|   | Carl D. Perkins Program:   |   |                             |
| 84.048  | Carl D. Perkins Career and Technical Education: Adult,<br>Sec. 132 (Vocational Education)    | 14893   | 69,812                      |
| 84.048  | Carl D. Perkins Career and Technical Education:<br>Secondary, Sec 131 (Vocational Education) | 14894   | <u>528,670</u>              |
|   | Subtotal Carl D. Perkins Program   |   | <u>598,482</u>              |
| 84.184  | Safe and Supportive Schools Programmatic Intervention<br>(S3)                                | 15164   | 49,487                      |
| 85.158  | Department of Rehabilitation: Workability II, Transitions<br>Partnership Program             | 10006   | 160,061                     |
| 84.181  | Special Education: Early Intervention Grants, Part C   | 23761   | 139,420                     |
| 84.365  | NCLB: Title III, Limited English Proficiency (LEP)<br>Student Program                        | 14346   | 1,127,814                   |
| 84.060  | Indian Education (From Federal Government)   | 10011   | 36,922                      |
| 84.063  | Pell Grants  | *   | 1,962,597                   |
| 84.196  | NCLB: Title X, McKinney-Vento Homeless Children<br>Assistance Grants                         | 14332   | 38,406                      |
| 84.287  | NCLB: Title IV, Part B, 21st Century Community<br>Learning Centers Program                   | 14535, 14349                                  | 1,488,182                   |
| 84.330  | NCLB: Title I, Part G: Advanced Placement (AP)<br>Test Fee Reimbursement Program             | *   | 102,207                     |
| 84.410  | Education Jobs Fund (SB 847)   | 25152   | 402,281                     |
| 84.367  | NCLB: Title II, Part A, Improving Teacher Quality<br>Local Grants                            | 14341   | 3,587,150                   |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
(Continued)  
**For the Year Ended June 30, 2012**

| <u>Federal Catalog Number</u>   | <u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>   | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> |
|---|--|---|-----------------------------|
| <u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>     |  |   |                             |
| 84.184E   | Readiness and Emergency Management for Schools   | *   | 109,393                     |
| 84.364A   | Literature School Library  | *   | 11,196                      |
| 84.369  | California Alternative Performance Assessment (CAPA)   | *   | 38                          |
| 84.394  | ARRA: State Fiscal Stabilization Fund  | 25008   | 263,409                     |
| 84.377  | NCLB: Title I, School Improvement Grant (SIG) for QEIA Schools   | 14971   | <u>103,767</u>              |
|   | Total U.S. Department of Education   |   | <u>48,195,468</u>           |
| <u>U.S. Department of Health and Human Services - Passed through California Department of Education</u> |  |   |                             |
|   | Head Start Cluster:  |   |                             |
| 93.600  | Head Start   | 10016   | \$ 9,865,744                |
| 93.708  | ARRA: Head Start   | 10016   | 14,868                      |
| 93.709  | ARRA: Early Head Start   | 10016   | <u>42,178</u>               |
|   | Head Start Cluster   |   | <u>9,922,790</u>            |
| 93.243  | Good Behavior  | *   | 93,162                      |
| 93.584  | Refugee and Entrant Assistance Targeted Assistance Discretionary and ES Grants                               | *   | 44,794                      |
| 93.596  | Child Development: Federal General (CCTR) and State Preschool (CSPP); Rs 5026, Family Child Care Home (CFCC) | 13609   | 1,373,768                   |
| 93.674  | Chafee Foster Care Independent Living  | *   | 135,335                     |
| 93.778  | Medi-Cal Billing Option  | 10013   | <u>2,432,275</u>            |
|   | Total U.S. Department Health and Human Services  |   | <u>14,002,124</u>           |
| <u>U.S. Department of Agriculture</u>   |  |   |                             |
|   | Child Nutrition Cluster:   |   |                             |
| 10.555  | National School Lunch Program  | 13396   | 16,775,409                  |
| 10.559  | Child Nutrition: Summer Food Service Program Operations  | 13004   | <u>241,211</u>              |
|   | Subtotal Child Nutrition Cluster   |   | <u>17,016,620</u>           |
| 10.558  | Child Nutrition: Child Care Food Program (Cash Advance)  | 13666   | <u>1,430,887</u>            |
|   | Total U.S. Department of Agriculture   |   | <u>18,447,507</u>           |

(Continued)

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
(Continued)  
**For the Year Ended June 30, 2012**

| <u>Federal<br/>Catalog<br/>Number</u> | <u>Federal Grantor/Pass-Through<br/>Grantor/Program or Cluster Title</u> | <u>Pass-<br/>Through<br/>Entity<br/>Identifying<br/>Number</u> | <u>Federal<br/>Expend-<br/>itures</u> |
|---------------------------------------|--|--|---------------------------------------|
| <u>U.S. Department of Defense</u>     |  |  |                                       |
| 12.UKN                                | ROTC   | *  | <u>313,338</u>                        |
| <u>U.S. Department of Labor</u>       |  |  |                                       |
| 17.726                                | Gang Prevention Youth Mentoring Program Grants                           | *  | \$ 253,454                            |
| 17.258                                | WIA / WtW Pre Vocational Training  | *  | 519,475                               |
| 17.259                                | A Title I Youth-Out-of-School Ind. Ser                                   | *  | <u>202,431</u>                        |
|                                       | Total U.S. Department of Labor   |  | <u>975,360</u>                        |
|                                       | Total Federal Programs   |  | <u>\$ 81,933,797</u>                  |

\* District is unable to provide PCA numbers.

See accompanying notes to supplementary information.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2012**

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

See accompanying notes to supplementary information.



**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**For the Year Ended June 30, 2012**

**Charter Schools Chartered by District**

**Included in District  
Financial Statements, or  
Separate Report**

|  |                                 |
|--|---------------------------------|
| Bowling Green Charter Elementary                       | Included as Charter School Fund |
| California Montessori Project Capitol Campus           | Separate Report                 |
| Capitol Colligate Academy                              | Separate Report                 |
| Capitol Heights Academy                                | Separate Report                 |
| George Washington Carver School of Arts and<br>Science | Included as Charter School Fund |
| Language Academy of Sacramento                         | Separate Report                 |
| MET Sacramento Charter High School                     | Included as Charter School Fund |
| New Technology High School                             | Included as Charter School Fund |
| Sacramento Charter High School                         | Separate Report                 |
| Sol Aureus College Preparatory                         | Separate Report                 |
| St. HOPE Public School 7                               | Separate Report                 |
| Yav Pem Suab Academy                                   | Separate Report                 |

See accompanying notes to supplementary information.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FIRST 5 REVENUES AND EXPENSES**

**For the Year Ended June 30, 2012**

|   | <b><u>Academic<br/>and Support<br/>Services *</u></b> | <b><u>Child<br/>Care *</u></b> |
|---|---|--------------------------------|
| <b>Revenues</b>                                 |   |                                |
| Other local sources                             | <b><u>\$ 475,150</u></b>                              | <b><u>\$ 686,166</u></b>       |
| <b>Expenditures:</b>                            |   |                                |
| Certificated salaries                           | 203,364   | 111,938                        |
| Classified salaries                             | 23,788  | 255,738                        |
| Employee benefits                               | 94,035  | 197,917                        |
| Books and supplies                              | 149,585   | 25,443                         |
| Contract services and operating<br>expenditures | 4,378   | 57,923                         |
| Indirect costs                                  | <u>                    </u>                           | <u>37,207</u>                  |
| <b>Total expenditures</b>                       | <b><u>475,150</u></b>                                 | <b><u>686,166</u></b>          |
| Net income                                      | -   | -                              |
| Net assets, July 1, 2011                        | <u>-</u>  | <u>-</u>                       |
| Net assets, June 30, 2012                       | <b><u><u>\$ -</u></u></b>                             | <b><u><u>\$ -</u></u></b>      |

\* Revenues and expenses for the First 5 Grant are reflected in the District's Child Development Fund. See page 53 of the financial statements for a complete presentation of the Child Development Fund.

See accompanying notes to supplementary information.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF SCHOOL COMMUNITY VIOLENCE PREVENTION PROGRAM  
REVENUES AND EXPENSES**

**For the Year Ended June 30, 2012**

|   | <b><u>Support<br/>Services</u></b> |
|---|------------------------------------|
| Revenues  |                                    |
| Other local sources                             | \$ <u>          -</u>              |
| Expenditures:                                   |                                    |
| Certificated salaries                           | 1,843                              |
| Classified salaries                             | 4,139                              |
| Employee benefits                               | 906                                |
| Books and supplies                              | (72)                               |
| Contract services and operating<br>expenditures | 254                                |
| Indirect costs                                  | <u>234</u>                         |
|   | <u>7,304</u>                       |
| Net loss  | <u><u>\$ (7,304)</u></u>           |

See accompanying notes to supplementary information.

# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION

### 1. PURPOSE OF SCHEDULES

**A - 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.

**B - 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.

**C - Schedule of Expenditure of Federal Awards**

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with A-133 requirements, and is presented on the modified accrual basis of accounting.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2012.

| Description   | CFDA<br>Number | Amount               |
|---|----------------|----------------------|
| Total Federal revenues, Statement of Revenues,<br>Expenditures and Change in Fund Balances                  |                | \$ 80,430,804        |
| Add: ARRA: State Fiscal Stabilization Funds spent<br>from prior year awards                                 | 84.394         | 263,409              |
| California Alternative Performance Assess-<br>ment (CAPA) spent from prior year awards                      | 84.369         | 38                   |
| NCLB: Title I, Part G: Advanced Placement<br>Test Fee Reimbursement Program spent<br>from prior year awards | 84.330         | 25,152               |
| Medi-Cal Billing Option spent from prior<br>year awards   | 93.778         | 165,493              |
| National School Lunch Program spent from<br>prior year awards   | 10.555         | 1,077,349            |
| Child Nutrition: Child Care Food Program<br>(Cash Advance) spent from prior year awards                     | 10.558         | 50,601               |
| NCLB: ARRA Title I, Part A, Basic Grants Low<br>Income and Neglected Funds spent from prior<br>year awards  | 84.389         | 950                  |
| Less: Child Nutrition: Summer Food Service Program<br>Operations Funds not spent                            | 10.559         | <u>(79,999)</u>      |
| Total Schedule of Expenditure of Federal Awards   |                | <u>\$ 81,933,797</u> |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION**

(Continued)

**1. PURPOSE OF SCHEDULES (Continued)**

**D - 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.

**E - 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 2012-2013 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

**F - Schedule of Charter Schools**

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

**G - Schedule of First 5 Revenues and Expenses**

This schedule provides information about the First 5 Sacramento County Program.

**H - Schedule of School Community Violence Prevention Program Revenues and Expenses**

This schedule provides information about the School Community Violence Prevention Program.

**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, 2012, the District did not adopt this program.

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Board of Education  
 Sacramento City Unified School District  
 Sacramento, California

We have audited the compliance of Sacramento City Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2012. Compliance with the requirements of state laws and regulations is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below 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 believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sacramento City Unified School District's compliance with those requirements.

| <u>Description</u>                             | <u>Audit Guide<br/>Procedures</u> | <u>Procedures<br/>Performed</u> |
|--|-----------------------------------|---------------------------------|
| Attendance Reporting                           | 6                                 | Yes                             |
| Teacher Certification and Misassignments       | 3                                 | Yes                             |
| Kindergarten Continuance                       | 3                                 | Yes                             |
| Independent Study                              | 23                                | Yes                             |
| Continuation Education                         | 10                                | Yes                             |
| Instructional Time:                            |                                   |                                 |
| School Districts                               | 6                                 | Yes                             |
| County Offices of Education                    | 3                                 | No, see below                   |
| Instructional Materials:                       |                                   |                                 |
| General requirements                           | 8                                 | Yes                             |
| Ratio of Administrative Employees to Teachers  | 1                                 | Yes                             |
| Classroom Teacher Salaries                     | 1                                 | Yes                             |
| Early Retirement Incentive Program             | 4                                 | No, see below                   |
| Gann Limit Calculation                         | 1                                 | Yes                             |
| School Accountability Report Card              | 3                                 | No, see below                   |
| Public Hearing Requirements - Receipt of Funds | 1                                 | Yes                             |
| Juvenile Court Schools                         | 8                                 | No, see below                   |
| Exclusion of Pupils - Pertussis Immunization   | 2                                 | Yes                             |
| Class Size Reduction Program:                  |                                   |                                 |
| General requirements                           | 7                                 | Yes                             |
| Option one classes                             | 3                                 | Yes                             |
| Option two classes                             | 4                                 | No, see below                   |
| Districts with only one school serving K-3     | 4                                 | No, see below                   |

| <u>Description</u>  | <u>Audit Guide<br/>Procedures</u> | <u>Procedures<br/>Performed</u> |
|---|-----------------------------------|---------------------------------|
| After School Education and Safety Program:  |                                   |                                 |
| General requirements  | 4                                 | Yes                             |
| After school  | 4                                 | Yes                             |
| Before school   | 5                                 | No, see below                   |
| Contemporaneous Records of Attendance, for charter schools                          | 3                                 | Yes                             |
| Mode of Instruction, for charter schools  | 1                                 | Yes                             |
| Nonclassroom-Based Instruction/Independent Study,<br>for charter schools            | 15                                | Yes                             |
| Determination of Funding for Nonclassroom-Based<br>Instruction, for charter schools | 3                                 | Yes                             |
| Annual Instructional Minutes - Classroom-Based,<br>for charter schools              | 4                                 | Yes                             |

We did not perform any procedures related to Instructional Time for County Offices of Education because the District is not a County Office of Education.

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

The 2011-2012 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2012. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2011-2012 Audit Guide relating to the comparison of tested data from the 2011-2012 fiscal year to the 2011-2012 School Accountability Report Cards.

We did not perform any procedures related to Juvenile Court Schools because the District did not offer this program in the current year.

The District does not offer Class Size Reduction - Option Two classes and have more than one school serving grades K through 3; therefore, we did not perform any procedures relating to Class Size Reduction Program - Option Two and Districts with only one school serving grades K through 3.

We did not perform any procedures related to Before School component of the After School Education and Safety Program as that component is not offered by the District.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2012. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Sacramento City Unified School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Education, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 12, 2012

INDEPENDENT AUDITORS' 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 the financial statements of Sacramento City Unified School District as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Sacramento City Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sacramento City Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Sacramento City Unified School District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain matters involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2012-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sacramento City Unified School District's financial statements are free of 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 determination of financial statement amounts. 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's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 12, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON THE FIRST 5 SACRAMENTO COUNTY PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH A  
PROGRAM-SPECIFIC AUDIT

Board of Education  
Sacramento City Unified School District  
Sacramento, California

Compliance

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, 2012. Compliance with the requirements of laws, regulations, contracts and grants applicable to its First 5 Sacramento County Program is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

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 believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sacramento City Unified School District's compliance with those requirements.

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, 2012.

Internal Control Over Compliance

Management of Sacramento City Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the First 5 Sacramento Program. In planning and performing our audit, we considered Sacramento City Unified School District's internal control over compliance with requirements that could have a direct and material effect on its First 5 Sacramento County Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the First 5 Sacramento County Program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sacramento City Unified School District's internal control over compliance.

Internal Control Over Compliance (Continued)

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 the First 5 Sacramento County Program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 the First 5 Sacramento County Program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management and First 5 Sacramento County and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 12, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
THE SCHOOL COMMUNITY VIOLENCE PREVENTION  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
IN ACCORDANCE WITH A PROGRAM-SPECIFIC AUDIT

Board of Education  
Sacramento City Unified School District  
Sacramento, California

Compliance

We have audited the compliance of Sacramento City Unified School District with the types of compliance requirements described in the Program Guidelines for the School Community Violence Prevention Program that could have a direct and material effect on the School Community Violence Prevention Program for the year ended June 30, 2012. Compliance with the requirements of laws, regulations, contracts and grants applicable to its School Community Violence Prevention Program is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

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 School Community Violence Prevention 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 believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sacramento City Unified School District's compliance with those requirements.

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 School Community Violence Prevention Program for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Sacramento City Unified School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the School Community Violence Prevention Program. In planning and performing our audit, we considered Sacramento City Unified School District's internal control over compliance with requirements that could have a direct and material effect on its School Community Violence Prevention Program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the School Community Violence Prevention Program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sacramento City Unified School District's internal control over compliance.

Internal Control Over Compliance (Continued)

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 the School Community Violence Prevention Program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 the School Community Violence Prevention Program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management and School Community Violence Prevention Program and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 12, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Sacramento City Unified School District  
Sacramento, California

Compliance

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 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, 2012. Sacramento City Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 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 a major federal 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 believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sacramento City Unified School District's compliance with those requirements.

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, 2012.

Internal Control Over Compliance

Management of Sacramento City Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sacramento City Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sacramento City Unified School District's internal control over compliance.

Internal Control Over Compliance (Continued)

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 12, 2012

## **FINDINGS AND RECOMMENDATIONS**

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2012**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unqualified

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: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ Yes  X  No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.010, 84.389        | NCLB: Title I Cluster (including ARRA)    |
| 84.394                | ARRA State Fiscal Stabilization Fund      |
| 84.410                | Education Jobs Fund                       |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,458,014

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

**STATE AWARDS**

Type of auditors' report issued on compliance for state programs: Unqualified

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2012**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2012-01 DEFICIENCY - STUDENT BODY ACCOUNTS (30000)**

**Criteria**

Education Code Section 48930 (and California Department of Education's "Accounting Procedures for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.

**Condition**

**William Land Elementary School:**

- Support is not provided by the clubs to the Office Manager when funds are turned in to the office.

**Ethel I. Baker Elementary School:**

- There was no formal review of the financial statements performed by someone independent of the preparation.

**Sam Brannan Middle School:**

- No reconciliation or detail maintained of cash received from the student store to activity.
- No periodic inventory count is performed at the student store.
- Financial statements are not issued to the student clubs for review.

**California Middle School:**

- Financial statements are not issued to the student clubs for review.

**Arthur A. Benjamin Health Professions High School:**

- No receipts are issued for the initial receipt of funds.
- There was no evidence of a dual cash count being performed by two independent individuals.
- No evidence of approval for the yearbook sales by the Principal, District, or student body.
- No evidence of students approving expenditures or activities in the student meeting minutes.
- No periodic inventory count is performed at the student store.
- Financial statements are not issued to the student clubs for review.

**Effect**

ASB funds could potentially be missappropriated.

**Cause**

Internal control procedures have not been enforced.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2012**

**2012-01 DEFICIENCY - STUDENT BODY ACCOUNTS (30000) (Continued)**

Fiscal Impact

Not determinable.

Recommendation

- Total receipts turned into the office should be supported by detailed schedules defining the number of items received and the unit price per item.
- Monthly financial statements, including the student store profit and loss, should be reviewed by someone independent of the preparer. They should also be provided to the student clubs for review.
- The student store deposit should be reconciled to the student store activity/sales and evidence of this reconciliation should be maintained.
- Periodic inventories should be completed for the student store and evidence of this inventory should be maintained.
- Receipts should be issued with a formal receipt book that has carbon copies.
- There should be evidence of dual cash count being performed.
- Approval of expenditures and fundraising activities should be documented in the study body meeting minutes.

Corrective Action Plan

The District will work with site administration and staff to implement the recommendations. The District will also continue to provide staff training on student body accounting procedures.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2012**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2012**

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**Year Ended June 30, 2012**

| <u>Finding/Recommendation</u>   | <u>Current Status</u>  | <u>District Explanation<br/>If Not Implemented</u> |
|---|------------------------|--|
| 2011-01   | Partially implemented. | See current year finding 2012-01.                  |
| Bowling Green Elementary School:  |                        |  |
| <ul style="list-style-type: none"> <li>• There is no evidence of dual cash count being performed.</li> </ul>  |                        |  |
| Kennedy High School:  |                        |  |
| <ul style="list-style-type: none"> <li>• There was no formal review of the financial statements performed by someone independent of the preparer.</li> </ul>  |                        |  |
| West Campus High School:  |                        |  |
| <ul style="list-style-type: none"> <li>• The ASB bookkeeper/Controller does not maintain a log of outstanding receipt books.</li> <li>• No initial receipts are issued at fundraisers, and the tally sheet did not break out the number sold at each price point; therefore, they did not reconcile to the deposit.</li> <li>• There was no evidence of approval of fundraisers in ASB meeting minutes, or approval of fundraisers through a Fundraiser Approval Form.</li> </ul> |                        |  |
| Rosa Parks Middle School:   |                        |  |
| <ul style="list-style-type: none"> <li>• Initial receipts are not issued, and there is no log or record number of items sold.</li> <li>• A log is not maintained of outstanding receipt books.</li> <li>• The deposit summary/cash count did not reconcile to the amount actually deposit to the bank.</li> </ul>   |                        |  |
| Camellia Basic Elementary School:   |                        |  |
| <ul style="list-style-type: none"> <li>• There is no formal receipt book with carbon copy of receipt.</li> </ul>  |                        |  |
| Crocker/Riverside Elementary School:  |                        |  |
| <ul style="list-style-type: none"> <li>• No receipts are issued for the receipt of funds.</li> <li>• There was no evidence of dual cash count being performed by two independent individuals.</li> <li>• No evidence of approval by the District for Sly Park camp was present.</li> <li>• Evidence of review for monthly account reconciliations was not present.</li> </ul>   |                        |  |

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
(Continued)  
**Year Ended June 30, 2012**

| <u>Finding/Recommendation</u>  | <u>Current Status</u> | <u>District Explanation<br/>If Not Implemented</u> |
|--|-----------------------|--|
| 2011-01 (Continued)  |                       |  |
| Albert Einstein Middle School:   |                       |  |
| <ul style="list-style-type: none"> <li>• No evidence was provided of periodic inventory of the student store.</li> </ul>   |                       |  |
| District Level:  |                       |  |
| <ul style="list-style-type: none"> <li>• At Camellia Basic Elementary and Crocker/Riverside Elementary, the monthly bank reconciliations for February 2011 and March 2011 were not reviewed timely.</li> </ul>   |                       |  |
| We recommend the following:  |                       |  |
| <ul style="list-style-type: none"> <li>• There should be evidence of dual cash count being performed.</li> <li>• Receipts should be issued with a formal receipt book that has carbon copies.</li> <li>• Monthly account reconciliation review should be present in physical or electronic form.</li> <li>• Monthly bank statement reconciliations should be reviewed by the Accounting Supervisor in a timely manner.</li> <li>• Monthly financial statements, including the student store profit and loss, should be reviewed by someone independent of the preparer.</li> <li>• The deposit should reconcile to the deposit summary/cash count.</li> <li>• Periodic inventories should be completed and evidence of this inventory should be maintained.</li> <li>• A log of all outstanding receipt books should be maintained.</li> <li>• Evidence of approval for all fundraisers should be maintained.</li> </ul> |                       |  |