



# Independent Audit Report for Fiscal Year Ended in June 30, 2023

March 7, 2024  
Agenda Item No. 11.1



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# **Sacramento City Unified School District Audit Results for the year ended June 30, 2023**

March 7, 2024



# Background on Crowe LLP

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- Crowe LLP is an international accounting and advisory firm
- Currently the 11<sup>th</sup> largest accounting firm in the United States
- Crowe LLP has served California K-12 school districts for over 30 years:
  - Currently audit:
    - 3 of the 5 largest districts in California
    - 7 of the 20 largest districts in California
- Crowe LLP is independent of Sacramento City Unified School District

# Crowe LLP Engagement Team

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- Jeff Jensen, Engagement Lead Partner
- John Weber, Concurring Technical Review Partner
- Brian Archambeault, Technical Review Partner
- Elizabeth Sav, Audit Senior Manager
- Tori Jokkel, Audit Senior Staff

# Auditor's Responsibilities, Planned Scope, and Audit Timeline

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



# New Accounting Standards

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- There were no new accounting standards with a material impact to the District's June 30, 2023 financial statements.

# Corrected and Uncorrected Misstatements

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- **Corrected Misstatements:**

- One corrected misstatement related to premiums from the issuance of debt booked incorrectly by the Sacramento County Treasurer. The result of the correcting adjustment increased fund balance in the Bond Interest and Redemption Fund by \$29,591,342.

- **Uncorrected Misstatements:**

- There were no uncorrected misstatements.

# Other Required Communications

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



# Audit Results

Type of Opinion	Results / Questioned Cost
Financial Statements	Unmodified
Federal Compliance	Unmodified
State Compliance	Qualified
<ul style="list-style-type: none"><li>• Attendance</li><li>• Instructional Materials</li><li>• Comprehensive School Safety Plan</li><li>• Immunizations</li><li>• After and Before School Education and Safety Program</li><li>• Transitional Kindergarten</li></ul>	No fiscal impact No fiscal impact No fiscal impact Fiscal impact: \$2,102  No fiscal impact Fiscal impact: \$53,261  Total impact: \$55,363

# Financial Highlights

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- **Government-Wide Summary**

- Total assets of the District at June 30, 2023: \$ 1.5 billion
- Total net position of the District at June 30, 2023: \$ (317.5 million)
  - Net Pension Liability at June 30, 2023: \$ 393.6 million
  - Net OPEB Liability at June 30, 2023: \$ 267.5 million
- Total change in net position for the year ended June 30, 2023: \$ 300.0 million

- **General Fund Summary**

- Fund Balance at June 30, 2023: \$ 257.9 million
- Total change in Fund Balance: \$ 148.1 million

# Audit Findings & Recommendations

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- State Compliance Finding – six comments:
  - Finding 2023-001 – Attendance:
    - The District excluded Continuation Education ADA from the “B-6” line item in the “Other” section of the District-wide Second Period Report for the year ended June 30, 2023.
    - Fiscal impact: There is no fiscal impact as the total ADA is unchanged.
  - District’s Response (unaudited) - The District has identified the error and made the necessary correction by submitting a revised 2022-23 P-2 report to the California Department of Education. The district has also restructured its attendance reporting process to allow for an additional layer of review by the budget team.

# Audit Findings & Recommendations

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- State Compliance Finding – six comments:
  - Finding 2023-002 – Instructional Materials:
    - The District did not hold the required public hearing regarding instructional materials within the first 8 weeks of school.
    - Fiscal impact: There is no calculated fiscal impact.
  - District’s Response (unaudited) - The district will ensure that the public hearing is held within the first eight weeks of school in compliance with the Pupil Textbook and Instructional Materials Incentive Act (Ed Code 60119). Furthermore, the District will ensure that the notice of public hearing will be posted in at least three locations throughout the district for at least ten days prior to the public hearing. In order to be compliant with these timelines, at the earliest possible date, all sites will be provided with a textbook inventory list and surveyed for textbooks/instructional materials needs. Surplus textbooks and instructional materials will be redistributed, additional textbooks and instructional materials will be ordered and distributed to sites. All preparations for SCOE site visits will be completed and communicated to sites. Insufficiencies will be remedied via collaboration between site and Library Textbook Services. All of these actions will be completed well in advance of the public hearing, which will be within the first 8 weeks of school.

# Audit Findings & Recommendations

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- State Compliance Finding – six comments:
  - Finding 2023-003 – Comprehensive School Safety Plan:
    - 1 of the 14 comprehensive school safety plans inspected was reviewed and approved after March 1, 2023.
    - Fiscal impact: There is no calculated fiscal impact.
  - District’s Response (unaudited) - The District will continue to establish a deadline for review of the comprehensive school safety plans before March. The District will continue to establish a clear plan and process to reach timelines among District administration. Further, training forums for new and transitioning principals and staff will be provided in addition to technical support including increased notifications and updates for plans not submitted leading up to the deadline. We will pay particular attention to those who have historically struggled to have plans completed on time. The District will increase notifications and updates for plans that need to be edited leading up to the deadline.

# Audit Findings & Recommendations

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- State Compliance Finding – six comments:
  - Finding 2023-004 – Immunizations:
    - Immunization records evidencing a second dose of varicella and measles vaccine were not obtained for four students, however, the students were admitted and attendance was claimed for the disallowed period.
    - Fiscal impact: The impact of this error is a loss of 0.189 ADA in the Grade Span of K-3 for a total of \$2,102.
    - This is a repeat finding of 2022-003
  - District’s Response (unaudited) - The District has established deadlines for immunization compliance, as well as a number of guides and reports to use in monitoring immunization, that is communicated at the beginning of the school year to school sites and the centralized enrollment center. The District also provides a free SCUSD Immunization Clinic for qualified students that runs before school starts and on a bi-weekly basis throughout the school year. In addition to this resources, the District Student Support and Health Services Department will provide a monthly report to each school site with the list of students who are not compliant for immunizations. The reports will be accompanied by a list of action steps to schools must take to ensure all students are compliant. To ensure accountability, the District Student Support and Health Services Department will follow-up directly with school sites who do not take action. The District will increase notifications and updates throughout the year to ensure new staff are up to date on immunization resources and required action steps. In the summer months, the District will send families personalized notices about missing immunizations.

# Audit Findings & Recommendations

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- State Compliance Finding – six comments:
  - Finding 2023-005 – After and Before School Education and Safety Program:
    - Of the 5 sites selected for testing for the After School Program, one site did not have the supporting sign-in sheets for the reported attendance from 9/1/2023 to 9/23/2023.
    - Fiscal impact: There is no fiscal impact noted.
  - District's Response (unaudited) - Systems have been planned, implemented, and will be reassessed at the end of the academic year. This includes requiring that attendance is updated daily, per contractual guidelines; student sign-in sheets will be provided by agency providers monthly; and ongoing trainings will be provided during monthly professional development meetings. In addition, an exit list has been established for providers when services are terminated. Prior to final payment the following will be provided to the District: submitted student registration forms; attendance sign in sheets; completed supper forms; incident reports; and behavior plans and contracts.

# Audit Findings & Recommendations

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- State Compliance Finding – six comments:
  - Finding 2023-006 – Transitional Kindergarten:
    - Hubert Bancroft Elementary School did not maintain an adult to pupil average ratio pursuant to paragraph (2) of subdivision (g) of Education Code Section 48000.
    - Fiscal impact: The school site had a deficit of 0.79 adult-to-pupil ratio. The impact of this error is at total of \$53,261.
  - District's Response (unaudited) - The District has developed a ratio monitoring process to improve tracking of TK staff to student ratios and meet the required adult to pupil ratios.



# Conclusion

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- The District's financial statements are presented fairly in all material respects
- No federal compliance findings
- Management and staff at the District office and other departments were prepared for our audit and responded timely to our requests
- The District's audit report was filed with the State Controller's Office on February 29, 2024 before the extended deadline of March 15, 2024

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# Q & A

