SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

Agenda Item# 9.2

Meeting Date: March 5, 2020

Subject: Independent Audit Report for the Fiscal Year Ended June 30, 2019, Submitted by Crowe LLP

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

Division: Business Services

Recommendation: Receive the Independent Audit Report for the Fiscal Year Ended June 30, 2019, submitted by Crowe LLP.

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

Crowe LLP has completed the audit for the 2018-19 fiscal year. State law requires that the Board of Education review the annual audit report. These reports are filed with the County Superintendent, State Department of Education and the State Controller's Office.

Financial Considerations: Contract for audit services - $74,000.

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

Documents Attached:
1. Executive Summary
2. Independent Audit Report for the Fiscal Year Ended June 30, 2019, Submitted by Crowe LLP

Estimated Time: 5 Minutes
Submitted by: Rose Ramos, Chief Business Officer
Approved by: Jorge A. Aguilar, Superintendent

Board of Education Executive Summary

Business Services

Independent Audit Report for the Fiscal Year Ended June 30, 2019
Submitted by Crowe LLP
March 5, 2020

I. OVERVIEW/HISTORY

Per Education Code section 41020, each year districts are required to conduct an annual audit of funds under the jurisdiction of the Governing Board by January 31.

The District requested an extension due to the District's audit firm, Crowe LLP, requiring additional time to complete the 2018-19 audit report following the issuance of the State Audit report released on December 10, 2019. The Sacramento County Office of Education requested the audit deadline extension of the 2018-19 audit on behalf of the District to February 18, 2020 which was submitted by Crowe LLP.

The firm of Crowe LLP audited the financial statements of the district for the year ended June 30, 2019. The audit is conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and internal controls.

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

Staff and Crowe LLP will present the 2018-19 audit report at tonight's March 5th Board Meeting.

II. DRIVING GOVERNANCE:

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

III. BUDGET:

The cost of the annual audit for the year ending June 30, 2019 was $74,000. This is a General Fund expenditure.

IV. GOALS, OBJECTIVES AND MEASURES:

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

V. MAJOR INITIATIVES:

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

VI. RESULTS:

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

VII. LESSONS LEARNED/NEXT STEPS:

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2019

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 the Sacramento City Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter - Management's Plan

As discussed in Note 13 of the financial statements, the District has suffered from declining student enrollment and attendance percentages, cost pressures related to escalating pension costs and costs associated with Special Education program and facilities requirements and significant deficit spending in the General Fund. Management's plan in regards to these matters is described in Note 13. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 15 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios, the Schedule of the District's Contributions - OPEB, the Schedule of Money-Weighted Rate of Return on OPEB Plan Investments, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 64 to 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sacramento City Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as 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 basic 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 basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2020 on our consideration of Sacramento City Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sacramento City Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
February 18, 2020

Management's Discussion and Analysis

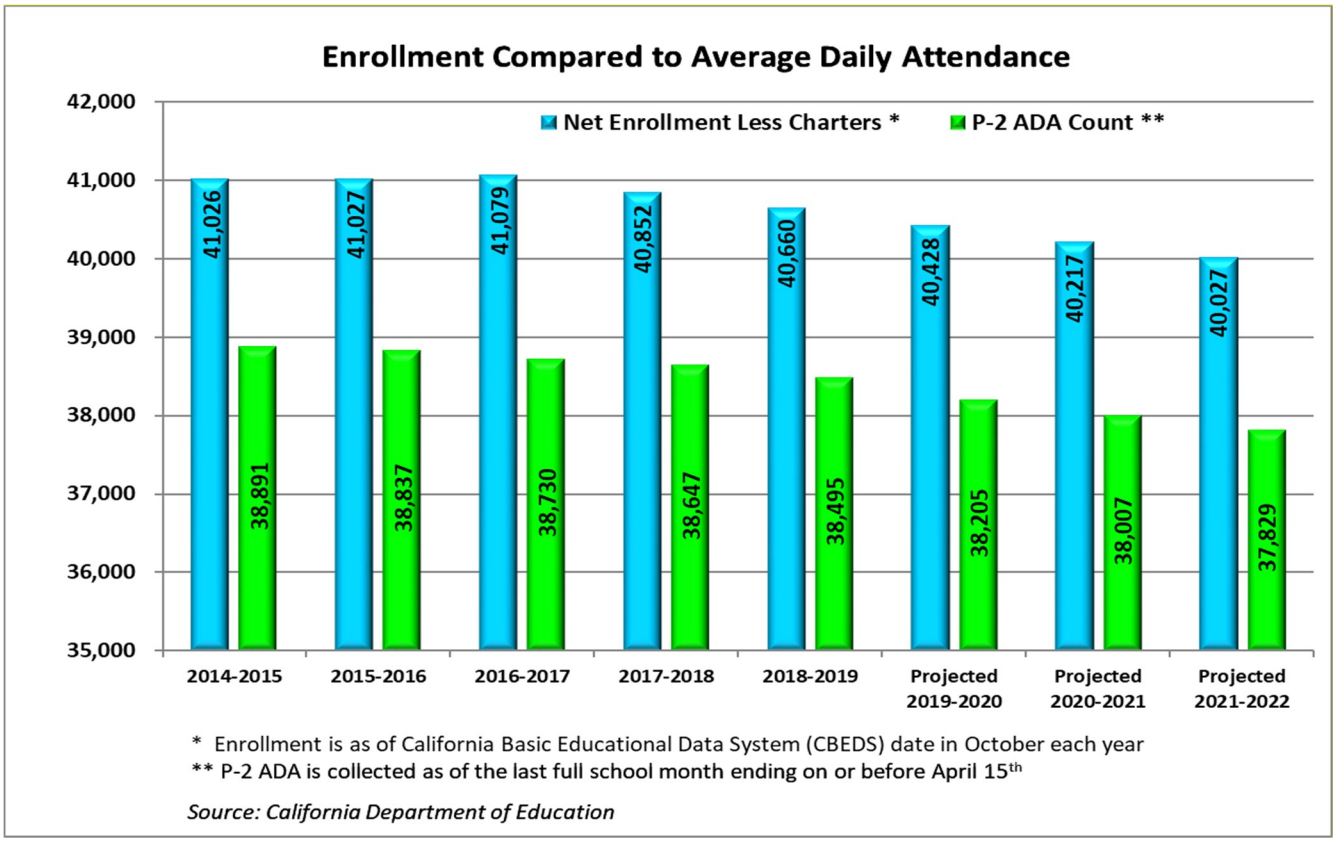
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by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

District Overview

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

For fiscal year 2018-2019, the District operated 42 elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers, 17 charter schools (including five dependent charter schools) and 42 children's centers/preschools serving infants through age 12.

The graph below shows the District's enrollment trend, considering the impact of charter school enrollment. The District's enrollment and average daily attendance (ADA) continue to decline year over year. The District is funded based on its ADA, which is tracked daily with staff following up on areas of concern. The District averages approximately 95% ADA to enrollment.



Governance

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, beginning in 2008, Board member elections are no longer held district-wide but instead are held among voters who reside in each of seven trustee areas.

Strategic Plan and Guiding Principle

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

The District's Mission:

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

The District's Vision:

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

The District's Core Values:

- Equity: Commitment to reducing the academic achievement gap by ensuring that all students have equal access to the opportunities, supports and the tools they need to be successful.

- Achievement: Students will be provided with a relevant, rigorous and well-rounded curriculum, with the expectation that all will be well prepared for a career and post-secondary education.

- Integrity: Communication and interaction among and between students, parents, staff, labor and community partners is defined by mutual respect, trust and support.

- Accountability: Commitment to transparency and ongoing review of data will create a culture focused on results and continuous improvement in a fiscally sustainable manner.

The District's Goals:

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

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

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

Strategic Plan and Guiding Principle (Continued)

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

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

Overview of the Financial Statements

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

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

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

The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial position. The Statement of Net Position includes all of the District's assets and liabilities and deferred outflows and inflows of resources. All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The District's activities are divided into two categories:

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation and administration. State support from Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.

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

These two financial statements start on page 16.

The remaining statements are fund financial statements that report on the District's operations in more detail than the district-wide statements. These statements begin on page 18.

The statements are followed by a section of required supplementary information and supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Financial Condition

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

District-wide Financial Condition (Continued)

Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2019	June 30, 2018	Variance	% Difference
Capital Assets	$600,730,370	$561,290,674	$39,439,696	7%
Other Assets	$310,512,830	$357,920,926	($47,408,096)	-13%
Total Assets	$911,243,200	$919,211,600	($7,968,400)	-1%
Deferred Outflows of Resources	$207,918,514	$207,599,670	$318,844	0%
Current and Other Liabilities	$71,284,242	$62,234,975	$9,049,267	15%
Long-Term Liabilities	$1,608,818,718	$1,804,562,829	($195,744,111)	-11%
Total Liabilities	$1,680,102,960	$1,866,797,804	($186,694,844)	-10%
Deferred Inflows of Resources	$297,434,156	$122,130,142	$175,304,014	144%
Net Investment in Capital Assets (net of related debt)	$101,653,692	$98,731,558	$2,922,134	3%
Restricted Net Position	$110,686,852	$104,507,628	$6,179,224	6%
Unrestricted Net Position	($1,070,715,946)	($1,065,355,862)	($5,360,084)	-1%
Total Net Position	($858,375,402)	($862,116,676)	$3,741,274	0%

At the end of fiscal year 2018-2019, the District had a total value of $1,189,860,150 in capital assets. Capital assets include land, buildings, site improvements, equipment and work in progress. Total accumulated depreciation amounted to $589,129,780. Net capital assets totaled $600,730,370, an increase of $39,439,696 from prior year. This is a result of capital projects being completed through Measures Q and R General Obligation Bonds.

Other assets include cash, investments, receivables, prepaid expenses and stores inventory. A decrease in other assets of $47,408,096 is mostly a result of less cash with fiscal agent for the Building Fund as compared with the prior year. The Building Fund cash accounts are used to fund the District's capital asset improvements (i.e. Measures Q and R General Obligations Bonds).

District-wide Financial Condition (Continued)

Current and other liabilities include accounts payable, unpaid self-insurance claims and unearned revenue. An increase in current and other liabilities of $9,049,267 is a result of more accounts payable and unearned revenue than the prior year.

The District ended the year with a total of $1,680,102,960 in outstanding obligations. The decrease in total liabilities of $186,694,844 is mainly attributed to a reduction in the net Other Post Employment Benefit (OPEB) liability as valued in the latest GASB Statement No. 75 actuarial report. The updated OPEB valuation included differences between expected and actual experience and changes in assumptions that also contributed to the increases in Deferred Inflows of Resources of $175,304,014.

District-wide Financial Condition (Continued)

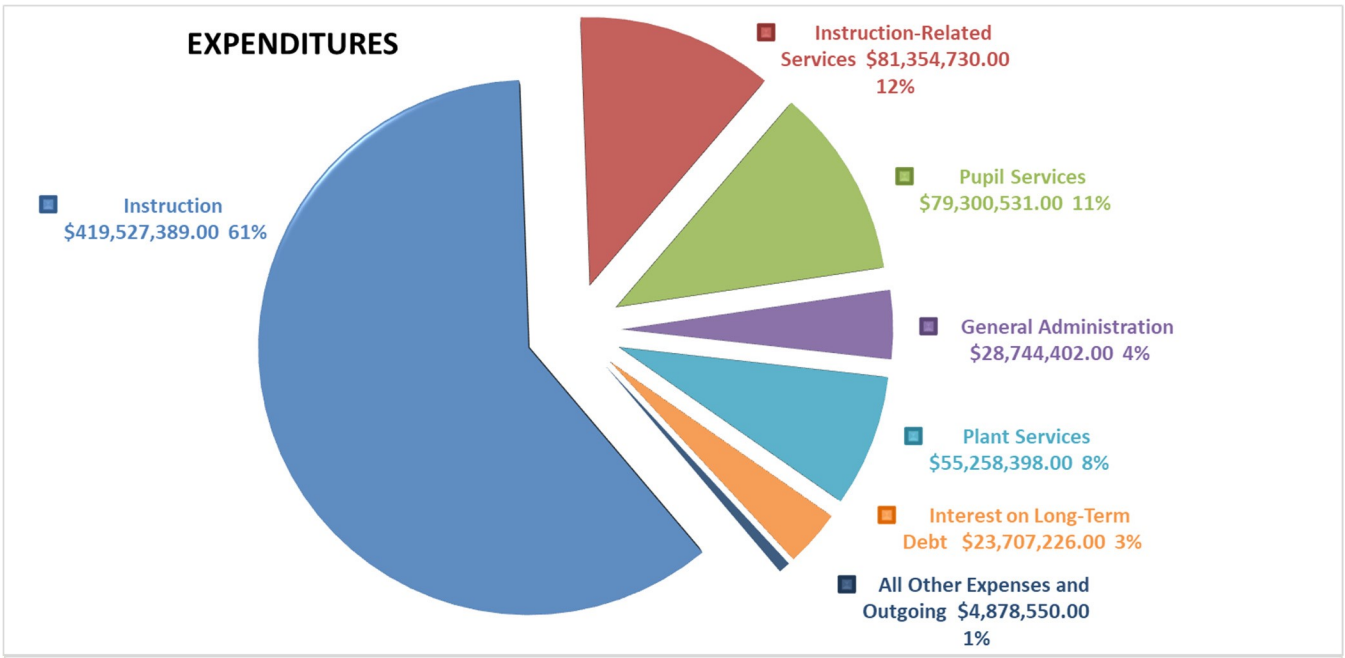
The Statement of Activities is a district-wide financial statement that reports the District's cost of instruction and other district activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in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

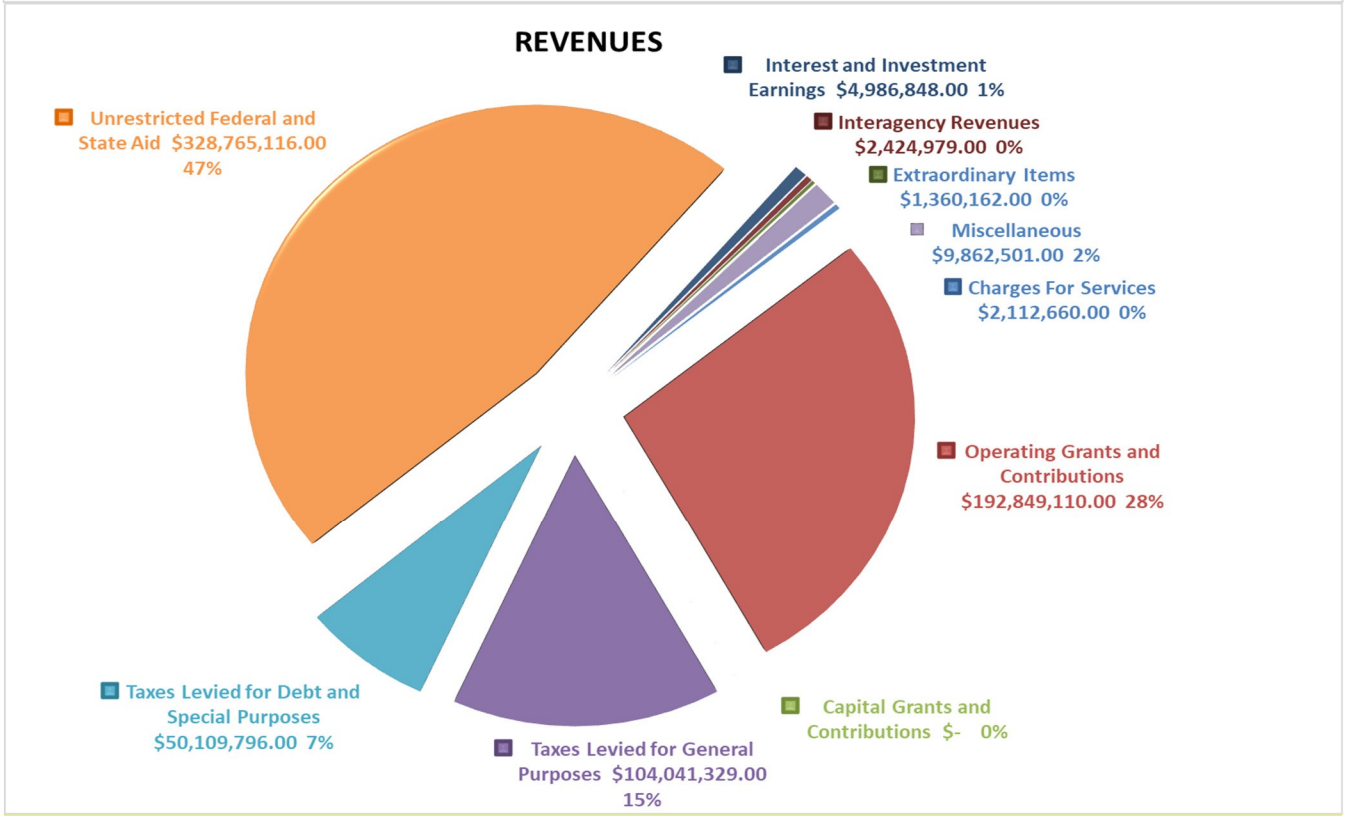
	June 30, 2019	June 30, 2018	Variance	% Difference
Expenses				
Governmental Activities:				
Instruction	$419,527,389	$388,798,354	$30,729,035	8%
Instruction-Related Services	$81,354,730	$76,868,127	$4,486,603	6%
Pupil Services	$79,300,531	$71,048,536	$8,251,995	12%
General Administration	$28,744,402	$26,551,336	$2,193,066	8%
Plant Services	$55,258,398	$51,394,540	$3,863,858	8%
Interest on Long-Term Debt	$23,707,226	$25,215,611	($1,508,385)	-6%
All Other Expenses and Outgo	$4,878,550	$4,315,084	$563,466	13%
Total Governmental Activities Expenses	$692,771,226	$644,191,588	$48,579,638	8%
Revenues				
Charges For Services	$2,112,660	$2,411,462	($298,802)	-12%
Operating Grants and Contributions	$192,849,110	$166,767,073	$26,082,037	16%
Capital Grants and Contributions	$0	$0	$0	0%
Taxes Levied for General Purposes	$104,041,329	$96,758,032	$7,283,297	8%
Taxes Levied for Debt and Special Purposes	$50,109,796	$48,256,354	$1,853,442	4%
Unrestricted Federal and State Aid	$328,765,116	$307,580,250	$21,184,866	7%
Interest and Investment Earnings	$4,986,848	$4,002,787	$984,061	25%
Interagency Revenues	$2,424,979	$2,293,767	$131,212	6%
Proceeds from the Sale of Capital Assets	$1,360,162	$1,700,000	($339,838)	-20%
Miscellaneous	$9,862,501	$11,149,519	($1,287,018)	-12%
Total Revenues	$696,512,501	$640,919,244	$55,593,257	9%
Change in Net Position	$3,741,275	($3,272,344)	$7,013,619	214%

District-wide Financial Condition (Continued)

The District overall experienced a $3,741,275 increase in net position. This was an increase from the prior year of $7,013,619. Total revenues increased 9%, or $55,593,257, as compared to 2017-2018, while total expenditures increased by 8%, or $48,579,638.

This year's increases in Instruction and Pupil Services can be attributed to increases in salaries and related pension benefits, and equipment and food increases.





Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. A fund consists of a self-balancing set of accounts that the District uses to track specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. Enterprise funds (one type of proprietary fund) are the same as business-type activities, but provide more detail and additional information, such as cash flows. The District does not currently have any business-type activities. Internal service funds (another type of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund, the Self-Insurance Fund, which includes Workers' Compensation and Dental/Vision.

- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2019:

	Adopted Budget	Year End Budget	Actual
Total Revenues	$526,385,177	$565,763,661	$549,828,423
Total Expenditures	$563,668,431	$591,608,153	$553,491,115
Total Other Financing Sources/(Uses)	$1,332,796	$1,079,125	$3,491,286

The net revenue increase between Adopted and Year End Budget was $39,378,484, 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. In addition, the Adopted Budget did not include one-time funds such as $22,662,875 in increased pension payments made on behalf of the District by the State. The revised legislation was enacted in June 2019.

The net increase to the total expenditure budget between Adopted and Year End Budget was $27,939,722, due to revisions to set up expenditures related to the one-time funds described above and the categorical program funds, which are budgeted after July 1 as grant award documents are received and school site plans are approved.

Actual revenues were $15,935,238, or 2.8%, below Year End Budget, due primarily to unspent and unearned categorical revenue and one-time revenues that carryover to 2019-2020. Actual expenditures were $38,117,038, or 6.4%, below Year End Budget, due to timing of grants received in the later part of the year, 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, 2019:

Total Revenues	$549,828,423
Total Expenditures	$553,491,115
Total Other Financing Sources/ (Uses)	$3,491,286
Net Change	($171,406)

District Reserves and Net Ending Balance

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

The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Education to designate the funds for any purpose by a majority vote at a Board meeting. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds. The Board has not taken any action in 2018-2019 to commit funds. Assigned ending balances are constrained by the District's intent but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

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

Ending Fund Balances	June 30, 2019	June 30, 2018	Difference
Fund 01 General	$70,329,345	$70,500,751	($171,406)
Fund 09 Charter Schools	$3,854,437	$3,364,988	$489,449
Fund 11 Adult Education	$77,992	$0	$77,992
Fund 12 Child Development	$15,636	$16,296	($660)
Fund 13 Cafeteria	$12,582,507	$11,206,788	$1,375,719
Fund 14 Deferred Maintenance	$0	$0	$0
Fund 21 Building	$95,280,449	$147,183,197	($51,902,748)
Fund 25 Developer Fees	$16,104,357	$14,663,941	$1,440,416
Fund 49 Community Facilities	$1,991,387	$3,504,915	($1,513,528)
Fund 51 Bond Interest and Redemption	$31,953,446	$39,273,247	($7,319,801)
Fund 67 Self Insurance	$12,448,490	$11,630,221	$818,269

Capital Projects

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

Total Expenditures for Fiscal Year Ended June 30, 2019

Measure Q		$46,172,789
• Program Management Expenditures	$ 1,061,884	
• Completed Project Expenditures:		
▪ Core Academic Renovation	128,200	
▪ District Wide Fire & Irrigation Improvements	838,152	
▪ Modernization, Repair & Upgrades	7,503,787	
▪ Program Enhancements	87,422	
▪ Technology Upgrades	2,775,709	
• In Progress Project Expenditures:		
▪ Core Academic Renovation	20,256,530	
▪ District Wide Fire & Irrigation Improvements	45,139	
▪ Modernization, Repair & Upgrades	12,470,154	
▪ Resource and Energy Conservation Improvement Projects	55,338	
▪ Technology Upgrades	950,474	
Measure R		$12,387,225
• Program Management Expenditures	$ 307,079	
• In Progress Project Expenditures:		
▪ Athletics: Fields, Gyms, Locker Rooms	115,087	
▪ Nutrition Services Center	11,965,059	

Summary of Future Projects as of June 30, 2019

Project Year(s)	Projects	Estimated Budget	
Measure Q			$77,100,000
2019-2021	Core Academic Renovation	$28,125,232	
2019-2021	Modernization, Repair & Upgrade Projects	46,974,768	
2019-2021	Resource & Energy Conservation Improvement Projects	2,000,000	
Measure R			$ 30,900,000
2019-2021	Nutrition Services Center	30,900,000	

District Indebtedness

As of June 30, 2019, the District has incurred $1,608,818,718 in long-term liabilities. Of this amount, $482,724,672 are General Obligation Bonds and Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002 and 2012, and $63,120,000 is Lease Revenue Bonds, backed by Developer Fees and Mello-Roos Community Facilities funds.

Nearly 64% of the long-term liabilities is related to the investment in employees' post-retirement. The District continues to provide lifetime health benefits to eligible retirees. While the recognized net OPEB liability decreased to $526,175,712, the pension liability increased by $29,854,000 to $497,997,000.

Financial Outlook

A continued decline in ADA, increased operating expenditures, such as rising Special Education costs and pension and health premium increases, and uncertain future state resources are key issues facing Sacramento City Unified School District. The development of future budgets will be influenced by external variables such as the State Budget and enrollment changes.

The District's 2019-2020 first interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and subsequent year but may not be able to meet its financial obligations during the second subsequent year 2021-2022 unless an ongoing $27 million solution materializes. The District projects having a positive cash balance through October 2021 but will have major cash challenges starting in November 2021. Further discussion is included in Footnote 13.

The District is working with the Sacramento County Office of Education and assigned fiscal advisor to achieve fiscal stability and continues to evaluate all opportunities, including reducing salaries and benefits expenditures, for an improved future financial outlook.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 263,373,978
Receivables	46,385,520
Prepaid expenses	32,579
Stores inventory	720,753
Non-depreciable capital assets (Note 4)	98,264,916
Depreciable capital assets, net of accumulated depreciation (Note 4)	502,465,454
Total assets	911,243,200
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	172,835,413
Deferred outflows of resources - OPEB (Note 10)	32,997,866
Deferred loss on refunding of debt	2,085,235
Total deferred outflows of resources	207,918,514
LIABILITIES	
Accounts payable	59,295,851
Unpaid claims and claim adjustment expenses (Note 5)	446,188
Unearned revenue	11,542,203
Long-term liabilities (Note 6):	
Due within one year	39,558,780
Due after one year	1,569,259,938
Total liabilities	1,680,102,960
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB (Note 10)	256,409,156
Deferred inflows of resources - pensions (Notes 8 and 9)	41,025,000
Total deferred inflows of resources	297,434,156
NET POSITION	
Net investment in capital assets	101,653,692
Restricted:	
Legally restricted programs	25,726,082
Capital projects	53,007,324
Debt service	31,953,446
Unrestricted	(1,070,715,946)
Total net position	$ (858,375,402)

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 419,527,389	$ 1,010,865	$ 111,121,881	$ -	$ (307,394,643)
Instruction-related services:					
Supervision and administration	37,565,280	35,098	20,518,460	-	(17,011,722)
Library, media and technology	2,847,316	183	692,544	-	(2,154,589)
School site administration	40,942,134	2,363	5,330,261	-	(35,609,510)
Pupil services:					
Home-to-school transportation	13,457,061	12,874	1,141,344	-	(12,302,843)
Food services	25,749,086	901,138	28,613,568	-	3,765,620
All other pupil services	40,094,384	2,100	17,080,254	-	(23,012,030)
General administration:					
Centralized data processing	4,118,665	451	100,842	-	(4,017,372)
All other general administration	24,625,737	29,329	4,445,612	-	(20,150,796)
Plant service	55,258,398	116,212	3,595,948	-	(51,546,238)
Ancillary services	3,524,605	79	181,916	-	(3,342,610)
Community services	481,598	-	11,269	-	(470,329)
Enterprise activities	68,114	-	-	-	(68,114)
Other outgo	804,233	1,968	15,211	-	(787,054)
Interest on long-term liabilities	23,707,226	-	-	-	(23,707,226)
Total governmental activities	$ 692,771,226	$ 2,112,660	$ 192,849,110	$ -	(497,809,456)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					104,041,329
Taxes levied for debt service					45,363,682
Taxes levied for other specific purposes					4,746,114
Federal and state aid not restricted to specific purposes					328,765,116
Interest and investment earnings					4,986,848
Interagency revenues					2,424,979
Miscellaneous					9,862,501
Proceeds from the sale of land/building					1,360,162
Total general revenues					501,550,731
Change in net position					3,741,275
Net position, July 1, 2018					(862,116,677)
Net position, June 30, 2019					$ (858,375,402)

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Funds	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 74,722,121	$ 40,423,636	$ 46,146,770	$ 29,249,328	$ 190,541,855
Cash on hand and in banks	67,519	671	-	819,367	887,557
Cash in revolving fund	225,000	-	-	2,000	227,000
Cash with Fiscal Agent	-	60,368,869	-	-	60,368,869
Receivables	8,707,218	520,672	409,182	8,312,693	17,949,765
Due from grantor governments	23,390,594	-	-	3,504,273	26,894,867
Due from other funds	5,970,784	37,061	-	2,484,623	8,492,468
Prepaid expenditures	19,306	-	-	-	19,306
Stores inventory	104,845	-	-	615,908	720,753
Total assets	$ 113,207,387	$ 101,350,909	$ 46,555,952	$ 44,988,192	$ 306,102,440
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 30,947,183	$ 6,009,721	$ 14,292,920	$ 2,628,509	$ 53,878,333
Unearned revenue	10,438,729	-	309,586	793,888	11,542,203
Due to other funds	1,492,130	60,739	-	6,939,479	8,492,348
Total liabilities	42,878,042	6,070,460	14,602,506	10,361,876	73,912,884
Fund balances:					
Nonspendable	349,151	-	-	617,908	967,059
Restricted	9,195,510	95,280,449	31,953,446	34,008,408	170,437,813
Assigned	8,033,202	-	-	-	8,033,202
Unassigned	52,751,482	-	-	-	52,751,482
Total fund balances	70,329,345	95,280,449	31,953,446	34,626,316	232,189,556
Total liabilities and fund balances	$ 113,207,387	$ 101,350,909	$ 46,555,952	$ 44,988,192	$ 306,102,440

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -
TO THE STATEMENT OF NET POSITION
June 30, 2019

Total fund balances - Governmental Funds		$ 232,189,556
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $1,189,860,150 and the accumulated depreciation is $589,129,780 (Note 4).		600,730,370
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, 2019 consisted of (Note 6):		
General Obligation Bonds	$ (464,177,966)	
Accreted interest	(18,546,706)	
Lease Revenue Bonds	(63,120,000)	
Premium on issuance	(34,229,996)	
Capitalized lease obligations	(2,820)	
Net pension liability (Notes 8 and 9)	(497,997,000)	
Net OPEB liability (Note 10)	(526,175,712)	
Compensated absences	(4,568,518)	
		(1,608,818,718)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position of the Self-Insurance Fund is:		12,448,490
In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred:		(5,409,458)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.		2,085,235
In government funds, deferred outflows and inflows of resources relating to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 10).		
Deferred outflows of resources relating to OPEB	$ 32,997,866	
Deferred inflows of resources relating to OPEB	(256,409,156)	
		(223,411,290)
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9).		
Deferred outflows of resources relating to pensions	$ 172,835,413	
Deferred inflows of resources relating to pensions	(41,025,000)	
		131,810,413
Total net position - governmental activities		$ (858,375,402)

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local control funding formula (LCFF):					
State apportionment	$ 307,178,947	$ -	$ -	$ 17,653,615	$ 324,832,562
Local sources	91,493,637	-	-	-	91,493,637
Total LCFF	398,672,584	-	-	17,653,615	416,326,199
Federal sources	47,850,158	-	-	39,544,764	87,394,922
Other state sources	91,644,448	49,316	389,592	17,254,250	109,337,606
Other local sources	11,661,233	4,528,091	46,781,982	14,729,300	77,700,606
Total revenues	549,828,423	4,577,407	47,171,574	89,181,929	690,759,333
Expenditures:					
Current:					
Certificated salaries	211,749,238	-	-	18,368,175	230,117,413
Classified salaries	63,096,658	759,029	-	15,394,000	79,249,687
Employee benefits	186,303,443	355,995	-	24,467,547	211,126,985
Books and supplies	14,459,073	86,172	-	12,860,990	27,406,235
Contract services and operating expenditures	70,305,279	495,185	-	4,528,988	75,329,452
Other outgo	689,233	-	-	-	689,233
Capital outlay	6,855,740	64,783,774	-	4,099,273	75,738,787
Debt service:					
Principal retirement	31,643	-	33,435,000	2,445,000	35,911,643
Interest	808	-	21,056,375	3,017,444	24,074,627
Total expenditures	553,491,115	66,480,155	54,491,375	85,181,417	759,644,062
(Deficiency) excess of revenues (under) over expenditures	(3,662,692)	(61,902,748)	(7,319,801)	4,000,512	(68,884,729)
Other financing sources (uses):					
Transfers in	3,850,573	-	-	1,719,449	5,570,022
Transfers out	(1,719,449)	-	-	(3,850,573)	(5,570,022)
Proceeds from the sale of bonds	-	10,000,000	-	-	10,000,000
Proceeds from the sale of land/building	1,360,162	-	-	-	1,360,162
Total other financing sources (uses)	3,491,286	10,000,000	-	(2,131,124)	11,360,162
Change in fund balances	(171,406)	(51,902,748)	(7,319,801)	1,869,388	(57,524,567)
Fund balances, July 1, 2018	70,500,751	147,183,197	39,273,247	32,756,928	289,714,123
Fund balances, June 30, 2019	$ 70,329,345	$ 95,280,449	$ 31,953,446	$ 34,626,316	$ 232,189,556

See accompanying notes to the 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, 2019

Net change in fund balances - Total Governmental Funds	$ (57,524,567)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	75,742,175
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(36,095,962)
In the governmental funds, the entire proceeds from the disposal of capital assets is reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 4).	(206,515)
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 6).	(10,000,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	35,911,643
Accreted interest is an expense that is not reported in the governmental funds (Note 6).	(2,013,320)
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the liability in the statement of net position. (Note 6).	2,467,442
In governmental funds, deferred inflows and deferred outflows of resources are not recognized. In the government-wide statements, deferred inflows and deferred outflows of resources are amortized over the life of the debt. The net activity in the deferred outflow for the current year is:	(335,656)
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.	248,935
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. The change in net position for the Self-Insurance Fund was:	818,269

(Continued)

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, 2019

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 8 and 9):	$ (25,287,536)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6).	(352,401)
In the statement of activities, expenses related to net OPEB liability are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6 and 10).	20,368,768
Change in net position of governmental activities	$ 3,741,275

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND
June 30, 2019

ASSETS	
Current assets:	
Cash and investments:	
Cash in County Treasury	$ 11,095,957
Collections awaiting deposit	2,740
Cash with Fiscal Agent	250,000
Receivables	1,540,888
Prepaid expenses	13,273
Total current assets	12,902,858
LIABILITIES	
Current liabilities:	
Accounts payable	8,060
Due to other funds	120
Unpaid claims and claim adjustment expenses	446,188
Total current liabilities	454,368
NET POSITION	
Unrestricted	$ 12,448,490

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN
NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2019

Operating revenues:	
Self-insurance premiums	$ 15,533,499
Other state revenue	21,857
Total operating revenues	15,555,356
Operating expenses:	
Classified salaries	342,990
Employee benefits	210,586
Books and supplies	9,723
Contract services	1,053
Provision for claims and claim adjustment expenses	14,334,946
Total operating expenses	14,899,298
Net operating income	656,058
Non-operating income:	
Interest income	162,211
Change in net position	818,269
Total net position, July 1, 2018	11,630,221
Total net position, June 30, 2019	$ 12,448,490

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Cash received from self-insurance premiums and other revenue	$ 15,595,775
Cash paid for employee benefits	(14,431,762)
Cash paid for other expenses	(577,652)
Net cash provided by operating activities	586,361
Cash flows provided by investing activities:	
Interest income received	162,211
Change in cash and investments	748,572
Cash and investments, July 1, 2018	10,600,125
Cash and investments, June 30, 2019	$ 11,348,697
Reconciliation of net operating income to net cash provided by operating activities:	
Net operating income	$ 656,058
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Decrease (increase) in:	
Receivables	40,419
Prepaid expenses	(13,273)
(Decrease) increase in:	
Unpaid claims and claim adjustment expenses	(96,816)
Accounts payable	3,804
Due to other funds	(3,831)
Total adjustments	(69,697)
Net cash provided by operating activities	$ 586,361

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2019

	Trust Fund	Agency Funds	
	Scholar-ship Trust	Student Body Funds	Warrant Pass-Through Fund
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	$ -	$ -	$ 41,515,280
Cash on hand and in banks	462,238	1,335,432	-
Receivables	-	1,072	-
Stores inventory	-	3,614	-
Total assets	462,238	$ 1,340,118	$ 41,515,280
LIABILITIES			
Due to student groups	-	$ 1,340,118	$ -
Accounts payable	-	-	41,515,280
Total liabilities	-	$ 1,340,118	$ 41,515,280
NET POSITION			
Restricted for scholarships	$ 462,238		

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2019

	Scholarship Trust
Additions:	
Other local sources	$ 18,909
Deductions:	
Contract services and operating expenditures	39,307
Change in net position	(20,398)
Net position, July 1, 2018	482,636
Net position, June 30, 2019	$ 462,238

See accompanying notes to the financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sacramento City Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

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

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

A - Manifestations of Oversight

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

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

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

B - Accounting for Fiscal Matters

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

2. Any deficits incurred by the Corporation and the Authority will be reflected in the lease payments of the District. Any surpluses of the Corporation and the Authority revert to the District at the end of the lease period.

3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation and the Authority.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C - Scope of Public Service and Financial Presentation

1. The Corporation and the Authority were created for the sole purpose of financially assisting the District.

2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Authority was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to the California Government Code, commencing with Section 6500. The Corporation and the Authority were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation and Authority facilities. When the Authority's Lease Revenue Bonds have been paid with state reimbursements and the District's developer fees, title of all Corporation and Authority property will pass to the District for no additional consideration.

3. The Corporation's and the Authority's financial activity is presented in the financial statements in the Building Fund. Lease Revenue Bonds issued by the Authority are included in the government-wide financial statements. There are currently no outstanding Certificates of Participation under the Corporation as of June 30, 2019.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

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

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

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of the respective function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

A - Major Funds:

1. General Fund:

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

2. Building Fund:

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

3. Bond Interest and Redemption Fund:

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

B - Other Funds:

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

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

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The District also has a Warrant Pass-Through Fund reported in the agency 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: The governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from individuals and private companies. The District has determined that no allowance for doubtful accounts was required as of June 30, 2019.

Due from Grantor Governments: Due from Grantor Governments are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was required as of June 30, 2019.

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.

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

	STRP	PERF B	Total
Deferred outflows of resources	$ 131,369,088	$ 41,466,325	$ 172,835,413
Deferred inflows of resources	$ 40,452,000	$ 573,000	$ 41,025,000
Net pension liability	$ 353,827,000	$ 144,170,000	$ 497,997,000
Pension expense	$ 82,629,641	$ 33,387,857	$ 116,017,498

Compensated Absences: Compensated absences totaling $4,568,518 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position: Net position is displayed in three components:

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

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

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

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2019, the District had no committed fund balances.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019, 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.

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, 2019, 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 Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2019 are reported at fair value and consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Activities
Pooled Funds:				
Cash in County Treasury	$190,541,855	$ 11,095,957	$201,637,812	$ 41,515,280
Deposits:				
Cash on hand and in banks	887,557	2,740	890,297	1,797,670
Cash in revolving fund	227,000	-	227,000	-
Total deposits	1,114,557	2,740	1,117,297	1,797,670
Investments:				
Cash with Fiscal Agent	60,368,869	250,000	60,618,869	-
Total cash and investments	$252,025,281	$ 11,348,697	$263,373,978	$ 43,312,950

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2019, the carrying amount of the District's accounts was $2,914,967 and the bank balance was $2,277,102. $1,120,921 of the bank balance was FDIC insured and $1,156,181 remained uninsured.

(Continued)

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2019, 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, 2019, the District had no concentration of credit risk.

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the funds which incur payroll costs, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2019 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 5,970,784	$ 1,492,130
Building Fund	37,061	60,739
Non-Major Funds:		
Charter Schools	47,866	1,251,929
Adult Education	948,996	1,416,217
Child Development	6,530	3,148,291
Cafeteria	473,790	1,123,042
Developer Fees Fund	1,007,441	-
Self-Insurance	-	120
Totals	$ 8,492,468	$ 8,492,468

(Continued)

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

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

Transfers for the 2018-2019 fiscal year were as follows:

Transfer from the General Fund to the Charter Schools Fund to cover the projected decrease from teacher arbitration agreement.	$ 35,203
Transfer from the General Fund to the Adult Education Fund to sustain certificate programs.	1,295,746
Transfer from the General Fund to the Child Development Fund to sustain child development programs.	388,500
Transfer from the Charter Schools Fund to the General Fund for Charter Fees.	2,087,284
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	5,923
Transfer from the Adult Education Fund to General Fund for indirect costs.	77,258
Transfer from the Child Development Fund to the General Fund for indirect costs.	1,034,200
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	645,908
	$ 5,570,022

(Continued)

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2019 is shown below:

Governmental Activities	Balance July 1, 2018	Transfers and Additions	Transfers and Deductions	Balance June 30, 2019
Non-depreciable:				
Land	$ 21,223,495	$ -	$ -	$ 21,223,495
Work-in-process	18,339,896	62,720,728	4,019,203	77,041,421
Depreciable:				
Buildings	846,944,227	8,057,649	891,000	854,110,876
Site improvements	174,104,542	2,170,458	111,575	176,163,425
Equipment	56,846,279	6,812,543	2,337,889	61,320,933
Totals, at cost	1,117,458,439	79,761,378	7,359,667	1,189,860,150
Less accumulated depreciation:				
Buildings	(421,662,650)	(22,647,908)	(707,500)	(443,603,058)
Site improvements	(94,183,404)	(7,902,942)	(88,560)	(101,997,786)
Equipment	(40,321,713)	(5,545,112)	(2,337,889)	(43,528,936)
Total accumulated depreciation	(556,167,767)	(36,095,962)	(3,133,949)	(589,129,780)
Capital assets, net	$ 561,290,672	$ 43,665,416	$ 4,225,718	$ 600,730,370

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 32,264,690
Food services	343,264
All other pupil services	960,250
Community services	236,340
All other general administration	1,948,510
Plant services	342,908
Total depreciation expense	$ 36,095,962

(Continued)

NOTE 5 – SELF-INSURANCE CLAIMS

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

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

District management recomputes the liability annually using available updated claims data. Annually, the District obtains an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The liability for workers compensation is based on an actuarial study dated April 5, 2019 and March 7, 2018 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

	June 30, 2018	June 30, 2019
Unpaid claim and claim adjustment expenses, beginning of year	$ 755,880	$ 543,004
Total incurred claims and claim adjustment expenses	13,833,807	14,334,946
Total payments	(14,046,683)	(14,431,762)
Total unpaid claims and claim adjustment expenses at end of year	$ 543,004	$ 446,188

(Continued)

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds

A summary of General Obligation Bonds payable as of June 30, 2019 follows:

Series	Interest Rate	Original Maturity	Balance July 1, 2018	Current Year Issuance	Current Year Refunded & Matured	Balance June 30, 2019
2007 - CA	4.6 - 4.8%	2032	$ 26,077,966	$ -	$ -	$ 26,077,966
2011	0.5 - 5.5%	2029	51,530,000	-	4,680,000	46,850,000
2012	2.0 - 5.3%	2031	87,930,000	-	6,280,000	81,650,000
2013 - A	2.0 - 5.0%	2038	12,385,000	-	370,000	12,015,000
2013 - B	5.7%	2038	40,000,000	-	-	40,000,000
2014	2.0 - 5.0%	2027	37,730,000	-	2,725,000	35,005,000
2015	2.0 - 5.0%	2030	30,290,000	-	2,465,000	27,825,000
2015 C1	2.0 - 5.0%	2041	66,260,000	-	1,745,000	64,515,000
2016	2.0-4.0%	2041	13,410,000	-	570,000	12,840,000
2017 - E	3.0-5.0%	2047	112,000,000	-	14,500,000	97,500,000
2017 - C	3.0-5.0%	2047	10,000,000	-	100,000	9,900,000
2018 - F	2.46%	2025	-	10,000,000	-	10,000,000
			$ 487,612,966	$ 10,000,000	$ 33,435,000	$ 464,177,966

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

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	$ 29,950,000	$ 19,983,401	$ 49,933,401
2021	25,905,000	18,842,326	44,747,326
2022	24,675,000	17,702,016	42,377,016
2023	18,665,000	16,519,361	35,184,361
2024	20,345,000	15,604,266	35,949,266
2025-2029	126,342,711	77,759,407	204,102,118
2030-2034	74,330,255	64,302,557	138,632,812
2035-2039	86,315,000	26,275,587	112,590,587
2040-2044	34,910,000	7,462,000	42,372,000
2045-2048	22,740,000	1,806,700	24,546,700
	$ 464,177,966	$ 266,257,621	$ 730,435,587

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

On June 30, 2011, the District issued 2011 General Obligation Refunding Bonds totaling $79,585,000. Bond proceeds were used to refund a portion of the District's 1999 Series B, 1999 Series C, and General Obligation Refunding Bonds, Series 2001. The refunded bonds were paid off as of June 30, 2019.

On June 14, 2012, the District issued 2012 General Obligation Refunding Bonds totaling $113,245,000. Bond proceeds were used to advance refund all of the District's 1999 Series B, 1999 Series C, General Obligation Refunding Bonds, Series 2001, and the 2002 Series A. Proceeds were also used to advance refund a portion of the District's 1999 Series D Bonds. The refunded bonds were paid off as of June 30, 2019.

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

On January 15, 2014, the District issued 2014 General Obligation Refunding Bonds totaling $44,535,000. Bond proceeds were used to refund a portion of the District's Series 2005 General Obligation Bonds. The refunded bonds were paid off as of June 30, 2019.

On January 8, 2015, the District issued 2015 General Obligation Refunding Bonds totaling $32,740,000. Bond proceeds were used to refund the District's Series 2005 and 2007 General Obligation Bonds. The refunded bonds were paid off as of June 30, 2019.

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

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

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

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

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

Year Ending June 30,	Principal	Interest	Total
2020	$ 2,370,000	$ 1,733,000	$ 4,103,000
2021	2,495,000	1,614,500	4,109,500
2022	2,625,000	1,489,750	4,114,750
2023	2,770,000	1,358,500	4,128,500
2024	2,915,000	1,220,000	4,135,000
2025-2029	3,260,000	4,731,000	7,991,000
2030-2034	2,240,000	4,556,250	6,796,250
2035-2039	12,985,000	2,760,750	15,745,750
2040	3,000,000	150,000	3,150,000
	$ 34,660,000	$ 19,613,750	$ 54,273,750

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

Year Ending June 30,	Principal	Interest	Total
2020	$ 200,000	$ 1,164,014	$ 1,364,014
2021	200,000	1,155,834	1,355,834
2022	200,000	1,147,654	1,347,654
2023	200,000	1,139,474	1,339,474
2024	200,000	1,131,294	1,331,294
2025-2029	14,810,000	4,729,676	19,539,676
2030-2033	12,650,000	1,131,723	13,781,723
	$ 28,460,000	$ 11,599,669	$ 40,059,669

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

Year Ending June 30,	Lease Payments
2020	$ 2,820

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2019 is shown below:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
Debt:					
General Obligation Bonds	$ 487,612,966	$ 10,000,000	$ 33,435,000	$ 464,177,966	$ 29,950,000
Accreted interest	16,533,386	2,013,320	-	18,546,706	-
Lease Revenue Bonds	65,565,000	-	2,445,000	63,120,000	2,570,000
Premium on issuance	36,697,438	-	2,467,442	34,229,996	2,467,442
Capitalized lease obligations	34,463	-	31,643	2,820	2,820
Other Long-Term Liabilities:					
Net Pension Liability (Notes 8 & 9)	468,143,000	29,854,000	-	497,997,000	-
Net OPEB liability (Note 10)	725,760,458	-	199,584,746	526,175,712	-
Compensated absences	4,216,117	352,401	-	4,568,518	4,568,518
	$ 1,804,562,828	$ 42,219,721	$ 237,963,831	$ 1,608,818,718	$ 39,558,780

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

(Continued)

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2019 consisted of the following:

	General Fund	Building Fund	Bond Interest Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 225,000	$ -	$ -	$ 2,000	$ 227,000
Stores inventory	104,845	-	-	615,908	720,753
Prepaid expenditures	19,306	-	-	-	19,306
Subtotal nonspendable	349,151	-	-	617,908	967,059
Restricted:					
Legally restricted programs	9,195,510	-	-	15,912,664	25,108,174
Capital projects	-	95,280,449	-	18,095,744	113,376,193
Debt service	-	-	31,953,446	-	31,953,446
Subtotal restricted	9,195,510	95,280,449	31,953,446	34,008,408	170,437,813
Assigned:					
Science Textbook Adoption	6,000,000	-	-	-	6,000,000
Donations	802,910	-	-	-	802,910
Computer replacement program	475,000	-	-	-	475,000
Sites Saturday Attendance Initiative	332,056	-	-	-	332,056
Computer Blade Server	250,000	-	-	-	250,000
Other Assigned	173,236	-	-	-	173,236
Subtotal assigned	8,033,202	-	-	-	8,033,202
Unassigned:					
Designated for economic uncertainty	52,751,482	-	-	-	52,751,482
Total fund balances	$ 70,329,345	$ 95,280,449	$ 31,953,446	$ 34,626,316	$ 232,189,556

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

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

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

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

CalSTRS 2% at 60

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

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

CalSTRS 2% at 62

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

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

(Continued)

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

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The employer contribution rates set in statute by the CalSTRS Funding Plan were not changed by the passage of SB 90. A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2018-19. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2018-19.

In general, member contributions cannot increase unless members are provided with some type of "comparable advantage" in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this "comparable advantage," the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Employers – 16.28 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

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

The CalSTRS employer contribution rate increases effective for fiscal year 2018-2019 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $35,911,088 to the plan for the fiscal year ended June 30, 2019.

State - 9.828 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate will increase to 5.811% on July 1, 2019, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2019–20 through 2022–23.

(Continued)

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

The CalSTRS state contribution rates effective for fiscal year 2018-19 and beyond are summarized in the table below.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding(1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%	2.50%	9.828%
July 01, 2019	2.017%	5.811%(2)	2.50%	10.328% (3)
July 01, 2020 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 1, 2046 and thereafter	2.017%	(5)	2.50%	4.517%(5)

(1)This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2)In May 2019, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2019.
(3) This rate does not include the $2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
(4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
(5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 353,827,000
State's proportionate share of the net pension liability associated with the District	202,583,000
Total	$ 556,410,000

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2018, the District's proportion was 0.385 percent, which was an increase of 0.013 percent from its proportion measured as of June 30, 2017.

(Continued)

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

For the year ended June 30, 2019, the District recognized pension expense of $82,629,641 and revenue of $36,668,907 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,097,000	$ 5,140,000
Changes of assumptions	54,968,000	-
Net differences between projected and actual earnings on investments	-	13,625,000
Changes in proportion and differences between District contributions and proportionate share of contributions	39,393,000	21,687,000
Contributions made subsequent to measurement date	35,911,088	-
Total	$ 131,369,088	$ 40,452,000

$35,911,088 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2020	$ 17,443,000
2021	$ 12,339,000
2022	$ 3,054,000
2023	$ 5,852,667
2024	$ 14,946,667
2025	$ 1,370,666

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

(Continued)

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

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$518,316,000	$353,827,000	$217,451,000

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

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

General Information about the Public Employer's Retirement Fund B

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

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

https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf

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

(Continued)

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2019 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2018-19.

Employers - The employer contribution rate was 18.062 percent of applicable member earnings.

The District contributed $13,259,325 to the plan for the fiscal year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of $144,170,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2018, the District's proportion was 0.541 percent, which was an increase of 0.023 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $33,387,857 and revenue of $4,890,641 for support provided by the State.. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 9,451,000	$ -
Changes of assumptions	14,395,000	-
Net differences between projected and actual earnings on investments	1,183,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,178,000	573,000
Contributions made subsequent to measurement date	13,259,325	-
Total	$ 41,466,325	$ 573,000

(Continued)

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

$13,259,325 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2020	$ 15,458,833
2021	$ 12,158,833
2022	$ 867,334
2023	$ (851,000)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2018 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

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

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

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

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

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 209,905,000	$ 144,170,000	$ 89,634,000

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

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information - Other Postemployment Benefits Plan (OPEB)

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

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

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

Benefits Provided: Sacramento City Unified School District's Retired Employees Healthcare Plan (REHP), is a single-employer defined benefit healthcare plan administered by the Sacramento City Unified School District. REHP provides medical insurance benefits to eligible retirees. Benefits are a negotiated component of each bargaining unit agreement. Currently, eligible retirees receive health care benefits that are paid 100% by the District. District teachers qualify for these benefits after attaining age 55 with at least five years of consecutive service to the District, age 50 with 30 years of service (if a member prior to January 1, 2013), or approved disability retirement with 5 years of service. CalPERS employees qualify for benefits after attaining age 50 (age 52, if a new CalPERS member on or after January 1, 2013) with 5 years of State or public agency service or approved disability and meeting the requirements outlined in their respective bargaining agreements.

(Continued)

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

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

Employees Covered by Benefit Terms: The following is a table of plan participants as of the June 30, 2018 valuation;

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	3,118
Active employees	4,278
	7,396

Contributions*:* California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board.

Contributions to the Plan from the District were $28,640,257 for the year ended June 30, 2019.

OPEB Plan Investments: The plan discount rate of 4.25% was determined using the following asset allocation and assumed rate of return:

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

*Geometric average

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

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

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

(Continued)

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Funding Method	Entry age normal, level percent of pay
General Inflation Rate	2.75%
Long Term Return on Assets	7.00% as of June 30, 2018 , net of plan investment expenses and including inflation
Discount rate	4.25% as of June 30, 2018 (blended discount rate)
Salary increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used as a component of assumed salary increases
Health care cost trend rate	7.00% for 2020, decreasing 0.5 percent per year thereafter to an ultimate rate of 5.00% for year 2024 and later years.
Mortality	For certificated employees the 2016 CalSTRS mortality tables were used For classified employees the 2017 CalPERS active mortality for miscellaneous employees were used
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Participation Rate	Active Employees: 100% of active benefits-eligible employees who qualify for District paid retiree premiums are assumed to elect to continue their current plan coverage in retirement. Those not currently covered are assumed to elect as follows: 1) Waiving SCTA Actives - SCTA Opt-Out Subsidy; 2) Waiving Non-SCTA Actives - Kaiser HMO (Mgmt/Class) 15% of active employees who qualify access to coverage in retirement, but not for District paid premiums are assumed to continue medical coverage in retirement. Retired Participants: Existing medical plan elections are assumed to be continued until age 65 (Medicare eligibility)

(Continued)

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

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2018	$ 780,518,410	$ 54,757,952	$ 725,760,458
Changes for the year:			
Service cost	28,429,909	-	28,429,909
Interest	28,454,100	-	28,454,100
Actuarial experience	(135,537,910)	-	(135,537,910)
Assumption changes	(83,559,205)	-	(83,559,205)
Employer contributions	-	33,078,830	(33,078,830)
Investment income	-	4,395,048	(4,395,048)
Other expenses	-	(72,482)	72,482
Administrative expense	-	(29,756)	29,756
Benefit payments	(19,351,654)	(19,351,654)	-
Net change	(181,564,760)	18,019,986	(199,584,746)
Balance, June 30, 2019	$ 598,953,650	$ 72,777,938	$ 526,175,712

The changes in assumptions include a change in the discount rate from 3.56% in the prior valuation, to 4.25% in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2019, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 4.25 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (3.25 percent) and 1 percent higher (5.25):

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Net OPEB liability	$ 626,949,059	$ 526,175,712	$ 445,256,250

(Continued)

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

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 7.50 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (6.50 percent) and 1 percent higher (8.50 percent):

	1% Decrease (6.50%)	Healthcare Cost Trend Rates Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability	$ 431,543,945	$ 526,175,712	$ 661,562,311

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

For the year ended June 30, 2019, the District recognized OPEB expense of $8,271,489. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,357,609	$ 120,832,521
Changes of assumptions	-	134,546,959
Net differences between projected and actual earnings on investments	-	1,029,676
Benefits paid subsequent to measurement date	28,640,257	-
Total	$ 32,997,866	$ 256,409,156

$28,640,257 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	
2020	$ (44,657,621)
2021	$ (44,657,621)
2022	$ (44,657,621)
2023	$ (44,404,501)
2024	$ (39,469,156)
Thereafter	$ (34,205,027)

(Continued)

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

Differences between projected and actual earnings on investment are amortized over a closed period of 4 years as of the June 30, 2018 measurement date. Changes in assumptions are amortized over a closed period of 6.64 years as of the June 30, 2018 measurement date.

NOTE 11 – JOINT POWERS AGREEMENTS

Schools Insurance Authority: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The joint powers agency is to be self-sustaining through member premiums. SIA enters into insurance agreements for coverage above self-insured retention layers, whereby it cedes various amounts of risk to other insurance companies or joint power authorities. SIA's Property, Liability and Workers' Compensation Programs provide self-insured retention of $100,000, $750,000 and $1,000,000 per incident, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information for SIA at June 30, 2019:

Total assets	$	174,147,032
Deferred outflows	$	1,922,631
Total liabilities	$	81,108,882
Deferred inflows	$	591,817
Total net position	$	94,368,964
Total revenues	$	73,668,839
Total expenses	$	58,748,742
Change in net position	$	14,920,097

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.

NOTE 12 – CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

At June 30, 2019 the District had approximately $11,500,000 in outstanding construction contract commitments.

(Continued)

NOTE 13 – MANAGMENT'S PLANS

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

Due to Education Code provision, the District's financial position resulted in a series of actions including the requirement to revise the 2018-19 budget by October 8, 2018 and a Fiscal Health Risk Analysis by the Fiscal Crisis and Management Assistance Team (FCMAT). SCOE appointed a fiscal advisor to work with the District to review the budget for accuracy. While the revised adopted budget included approximately $10 million in reductions, it was also disapproved by SCOE as it did not contain sufficient reductions to completely eliminate the structural deficit and satisfy the required reserve for economic uncertainties. The District required more time to work with SCOE and the fiscal advisor, labor partners and the community to focus on solutions that are sustainable and student-centered.

By December 2018, the District identified over $19 million in cost savings through reductions that did not directly impact students in the classrooms and were not subject to negotiations. The First Interim Financial Report reflected a negative self-certification based on the remaining structural deficit in the multi-year financial projections. The District recognizes that one of its largest cost drivers is employee health insurance, which requires a negotiated solution with its labor partners.

Also in December 2018, FCMAT issued the results of its analysis that concluded, unless changes are made, the District is at risk of insolvency, which leads to a state loan and an appointed administrator. The analysis focused on identifying district systems and processes where improvements can be made. Immediately, the District began taking steps to implement business process changes and adopt FCMAT's recommendations.

In February 2019, the Board of Education reviewed cost savings measures to prioritize funding for students, including reducing staffing levels to match student needs based on actual and projected enrollment, and staffing based on the collective bargaining agreements and California Department of Education class size requirements.

In March 2019, the Board of Education was presented with the Second Interim Financial report, a fiscal recovery plan, and a resolution to help save schools by further reducing spending by capping general administration costs, reducing unused vacation time accruals, and further exploring health cost savings options. The fiscal recovery plan continued to prioritize reductions away from services and programs serving students.

The District presented a Third Interim Financial report as well as a series of community budget workshops in May 2019, which summarized the nearly $29 million in current and future year budget reductions made as of that date. The California Joint Legislative Audit Committee directed the State Auditor to conduct a performance audit of the District's finances for the past five fiscal years and identify current causes of the District's fiscal distress.

The District's proposed 2019-20 Budget continued a structural deficit into 2019-20 to allow for the time necessary to negotiate a solution that achieves long-term cost savings. SCOE recognized that the District made considerable progress towards stabilizing the budget, but disapproved the budget since the District expected to be $27 million short of the minimum required reserve in 2021-22 without an agreed upon solution. Insolvency was delayed but not eliminated.

(Continued)

NOTE 13 – MANAGMENT'S PLANS (Continued)

On October 3, 2019 the Board of Education approved the 2019-20 revised adopted budget which was again disapproved by SCOE due to the projected negative ending fund balance in 2021-22, continued deficit spending and a projection of insufficient cash in the 2020-21 fiscal year. The Board of Education voted to waive the formation of the Budget Review Committee, and the waiver was approved by the California Department of Education. The fiscal advisor assigned by SCOE continues to work with the District providing fiscal oversight and guidance to ensure fiscal stability in the current and future years.

By December 2019, the State Auditor issued its independent performance audit report on the fiscal condition of the District. The report includes several recommendations to assist the District in moving towards fiscal solvency.

The financial status as of the 2019-20 First Interim Financial Report projects that ongoing reductions of $27 million are still required in order to balance the budget, satisfy the state-mandated 2% reserve and avoid the fiscal crisis.

A Student-Centered Fiscal Recovery Plan presented to the Board of Education on February 6, 2020, provided a list of options subject to negotiations that could achieve a $27 million solution.

The District reviewed and analyzed the following opportunities:

Options Subject to Negotiations	
(1) Potential Changes to Salary – Cut all salaries by 2%	$ 6,854,000
(2) Staff pay 3.5% of salary towards retiree health benefits (*assumes contribution would reduce General Fund cost*)	$ 9,997,000
(3) Cap district payment at 80% of the lowest-cost plan for employee only and family plans	$ 20,419,000

The District identified several options to achieve $27 million in ongoing budget savings, as noted in the table below:

Options Subject to Negotiations	
(1) Potential Changes to Health Care Benefits – Cap district payment at lowest-cost plan for employee-only plans and 75 percent for employee+1 and family plans	$28,516,699
(2) Potential change to employee contribution to fund retiree health benefits to 2% of salary (*does not reduce employer contribution but addresses the retiree health benefit liability*)	$ 3,300,000

As of the date of these financial statements, the District has not achieved sufficient reductions to resolve the ongoing structural budget deficit which is projected to increase in future years. Similar to many other districts within the State, the District continues to face challenges with declining student enrollment, average daily attendance percentages, and unduplicated student group percentages. These are all variables that impact the District's basis for revenues. Furthermore, additional cost pressures compound the above challenges due to escalating employer pension costs and increased contributions from the Unrestricted General Fund to meet student needs in the Special Education program.

(Continued)

NOTE 13 – MANAGMENT'S PLANS (Continued)

The District is committed to identifying areas where savings may be achieved in a manner that is fair and equitable without substantial disruptions to our educational programs. The District will continue to evaluate its programs and staffing levels, and other supply and services expenditures in order to determine whether additional non-negotiable savings may be achieved.

If corrective action is not taken, the District is at risk of fiscal insolvency by November 2021 and potential loss of local control by appointment of an administrator. Multi-year budget projections will continue to be evaluated and will also be revised upon the Governor's May 2020 Revision of the 2020-21 Governor's Budget Proposal.

NOTE 14 – SUBSEQUENT EVENT

General Obligation Bonds: On November 21, 2019, the District issued General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D in the amount of $30,900,000 to improve the health and safety of children, repair playgrounds and playfields to meet modern safety standards, improve physical education facilities and bathrooms, and other various modernization and improvement projects. The 2019 General Obligation Bonds, Series D mature in varying amounts during the succeeding years through August 2049 with interest rates ranging from 2.0% to 5.0%.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2019

	Budget			Variance Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
LCFF:				
State apportionment	$ 312,721,251	$ 307,391,224	$ 307,178,947	$ (212,277)
Local sources	85,783,652	91,493,637	91,493,637	-
Total LCFF	398,504,903	398,884,861	398,672,584	(212,277)
Federal sources	53,970,361	61,840,500	47,850,158	(13,990,342)
Other state sources	67,215,792	96,637,287	91,644,448	(4,992,839)
Other local sources	6,694,121	8,401,013	11,661,233	3,260,220
Total revenues	526,385,177	565,763,661	549,828,423	(15,935,238)
Expenditures:				
Current:				
Certificated salaries	210,175,812	217,404,148	211,749,238	5,654,910
Classified salaries	66,138,347	65,945,701	63,096,658	2,849,043
Employee benefits	172,109,818	189,480,975	186,303,443	3,177,532
Books and supplies	22,899,370	27,822,084	14,459,073	13,363,011
Contract services and operating expenditures	82,011,585	76,758,173	70,305,279	6,452,894
Other outgo	-	689,233	689,233	-
Capital outlay	5,328,453	13,475,356	6,855,740	6,619,616
Debt service:				
Principal retirement	2,626,713	31,675	31,643	32
Interest	2,378,333	808	808	-
Total expenditures	563,668,431	591,608,153	553,491,115	38,117,038
(Deficiency) excess of revenues (under) over expenditures	(37,283,254)	(25,844,492)	(3,662,692)	22,181,800
Other financing sources (uses):				
Transfers in	4,208,003	4,235,204	3,850,573	(384,631)
Transfers out	(2,875,207)	(3,156,079)	(1,719,449)	1,436,630
Proceeds from the sale of land/building	-	-	1,360,162	1,360,162
Total other financing sources (uses)	1,332,796	1,079,125	3,491,286	2,412,161
Change in fund balance	(35,950,458)	(24,765,367)	(171,406)	24,593,961
Fund balance, July 1, 2018	70,500,751	70,500,751	70,500,751	-
Fund balance, June 30, 2019	$ 34,550,293	$ 45,735,384	$ 70,329,345	$ 24,593,961

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2019

Last 10 Fiscal Years

	2018	2019
TOTAL OPEB LIABILITY		
Service cost	$ 33,273,763	$ 28,429,909
Interest on total OPEB liability	24,982,078	28,454,100
Differences between expected and actual experience	-	(135,537,910)
Changes of assumptions	(89,783,252)	(83,559,205)
Benefit payments	(20,462,037)	(19,351,654)
Net change in total OPEB liability	(51,989,448)	(181,564,760)
Total OPEB liability - beginning of year (a)	832,507,858	780,518,410
Total OPEB liability - end of year (b)	$ 780,518,410	$ 598,953,650
PLAN FIDUCIARY NET POSITION		
Contributions - employer	$ 48,000,844	$ 33,078,830
Net investment income	3,951,473	4,395,048
Administrative expenses	(19,446)	(29,756)
Other expenses	-	(72,482)
Benefit payments	(20,462,037)	(19,351,654)
Change in plan fiduciary net position	31,470,834	18,019,986
Fiduciary trust net position - beginning of year (c)	23,287,118	54,757,952
Fiduciary trust net position - end of year (d)	$ 54,757,952	$ 72,777,938
Net OPEB liability - beginning (a) - (c)	$ 809,220,740	$ 725,760,458
Net OPEB liability - ending (b) - (d)	$ 725,760,458	$ 526,175,712
Plan fiduciary net position as a percentage of the total OPEB liability	7%	14%
Covered employee payroll	$ 263,777,849	$ 284,495,904
Net OPEB liability as a percentage of covered employee payroll	275%	185%

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
For the Year Ended June 30, 2019

Other Postemployment Benefits
Last 10 Fiscal Years

	2018	2019
Actuarially determined contribution	$ 41,766,451	$ 29,997,546
Contributions in relation to the actuarially determined contribution	(33,078,830)	(28,640,257)
Contribution deficiency (excess)	$ 8,687,621	$ 1,357,289
Covered employee payroll	$284,495,904	$271,833,894
Contributions as a percentage of covered employee payroll	11.63%	10.54%

The ADC for the District's fiscal years ended June 30, 2018 and June 30, 2019 was determined as part of the June 30, 2016 and June 30, 2018 valuations using a 7.25% and 7.00% discount rates, respectively.

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON OPEB PLAN INVESTMENTS
For the Year Ended June 30, 2019

Last 10 Fiscal Years

	2018	2019
Money-weighted rate of return on OPEB plan investments	10.70%	7.00%

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.382%	0.375%	0.371%	0.372%	0.385%
District's proportionate share of the net pension liability	$233,056,000	$252,331,000	$299,780,000	$344,390,000	$353,827,000
State's proportionate share of the net pension liability associated with the District	134,692,000	133,455,000	170,676,000	203,739,000	202,583,000
Total net pension liability	$367,748,000	$385,786,000	$470,456,000	$548,129,000	$556,410,000
District's covered payroll	$170,012,000	$173,962,000	$184,718,000	$197,366,000	$202,167,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.08%	145.05%	162.29%	174.49%	175.02%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%

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

All years prior to 2015 are not available.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2019

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.541%	0.534%	0.533%	0.518%	0.541%
District's proportionate share of the net pension liability	$ 61,440,000	$ 78,659,000	$105,299,000	$123,753,000	$144,170,000
District's covered payroll	$ 56,813,000	$ 59,079,000	$ 63,963,000	$ 66,095,000	$ 72,476,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	187.24%	198.92%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%

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

All years prior to 2015 are not available.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2019

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 15,447,858	$ 19,820,280	$ 24,828,643	$ 29,172,733	$ 35,911,088
Contributions in relation to the contractually required contribution	(15,447,858)	(19,820,280)	(24,828,643)	(29,172,733)	(35,911,088)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$173,962,000	$184,718,000	$197,366,000	$202,167,000	$220,584,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%

All years prior to 2015 are not available.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2019

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019
Contractually required contribution	$ 6,954,207	$ 7,577,683	$ 9,180,596	$ 11,256,216	$ 13,259,325
Contributions in relation to the contractually required contribution	(6,954,207)	(7,577,683)	(9,180,596)	(11,256,216)	(13,259,325)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 59,079,000	$ 63,963,000	$ 66,095,000	$ 72,476,000	$ 73,410,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%

All years prior to 2015 are not available.

(Continued)

NOTE 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 Changes in Net OPEB Liability and Related Ratios

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

C - Schedule of the District's Contributions - OPEB

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

D - Schedule of Money-Weighted Rate of Return on OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return (MWRR) on OPEB Plan Investments presents multi-year information for the MWRR associated with the OPEB trust.

E - Schedule of the District's Proportionate Share of the Net Pension Liability

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

F – Schedule of the District's Contributions

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

G – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

(Continued)

NOTE 1 – PURPOSE OF SCHEDULES (Continued)

H - Changes of Assumptions

The discount rate for the Net OPEB liability was 2.92 percent, 3.56 percent and 4.25 percent in the June 30, 2016, 2017 and 2018 actuarial reports, respectively.

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016 and 2017 actuarial reports, respectively.

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

	Measurement Period			
Assumption	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.60%	7.60%
Wage growth	3.5%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	Community Facilities Fund	Total
ASSETS							
Cash in County Treasury	$ 5,571,369	$ 70,000	$ 15,838	$ 6,324,343	$ 14,923,991	$ 2,343,787	$ 29,249,328
Cash on hand and in banks	2,230	407,720	18,092	349,015	42,310	-	819,367
Cash in revolving account	-	-	-	2,000	-	-	2,000
Receivables	45,801	300,871	1,299,718	6,451,126	180,135	35,042	8,312,693
Due from grantor government	112,886	262,720	3,108,171	20,496	-	-	3,504,273
Due from other funds	47,866	948,996	6,530	473,790	1,007,441	-	2,484,623
Stores inventory	-	-	-	615,908	-	-	615,908
Total assets	$ 5,780,152	$ 1,990,307	$ 4,448,349	$ 14,236,678	$ 16,153,877	$ 2,378,829	$ 44,988,192
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 590,986	$ 496,098	$ 573,334	$ 531,129	$ 49,520	$ 387,442	$ 2,628,509
Unearned revenue	82,800	-	711,088	-	-	-	793,888
Due to other funds	1,251,929	1,416,217	3,148,291	1,123,042	-	-	6,939,479
Total liabilities	1,925,715	1,912,315	4,432,713	1,654,171	49,520	387,442	10,361,876
Fund balances:							
Nonspendable	-	-	-	617,908	-	-	617,908
Restricted	3,854,437	77,992	15,636	11,964,599	16,104,357	1,991,387	34,008,408
Total fund balances	3,854,437	77,992	15,636	12,582,507	16,104,357	1,991,387	34,626,316
Total liabilities and fund balances	$ 5,780,152	$ 1,990,307	$ 4,448,349	$ 14,236,678	$ 16,153,877	$ 2,378,829	$ 44,988,192

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, 2019

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	Community Facilities Fund	Total
Revenues:							
LCFF	$ 17,653,615	$ -	$ -	$ -	$ -	$ -	$ 17,653,615
Federal sources	351,875	1,509,182	12,086,704	25,597,003	-	-	39,544,764
Other state sources	2,865,067	2,205,221	10,356,154	1,827,808	-	-	17,254,250
Other local sources	100,899	3,595,357	1,939,612	1,236,738	6,026,856	1,829,838	14,729,300
Total revenues	20,971,456	7,309,760	24,382,470	28,661,549	6,026,856	1,829,838	89,181,929
Expenditures:							
Current:							
Certificated salaries	8,284,426	2,321,648	7,762,101	-	-	-	18,368,175
Classified salaries	1,226,101	1,520,573	5,183,959	7,463,367	-	-	15,394,000
Employee benefits	6,389,999	2,704,504	10,279,884	5,093,160	-	-	24,467,547
Books and supplies	321,935	204,695	173,851	12,160,509	-	-	12,860,990
Contract services and operating expenditures	2,201,542	1,698,836	337,635	265,471	11,664	13,840	4,528,988
Capital outlay	-	-	-	1,657,415	163,656	2,278,202	4,099,273
Debt service:							
Principal retirement	-	-	-	-	2,445,000	-	2,445,000
Interest	-	-	-	-	1,966,120	1,051,324	3,017,444
Total expenditures	18,424,003	8,450,256	23,737,430	26,639,922	4,586,440	3,343,366	85,181,417
Excess (deficiency) of revenues over (under) expenditures	2,547,453	(1,140,496)	645,040	2,021,627	1,440,416	(1,513,528)	4,000,512
Other financing sources (uses):							
Transfers in	35,203	1,295,746	388,500	-	-	-	1,719,449
Transfers out	(2,093,207)	(77,258)	(1,034,200)	(645,908)	-	-	(3,850,573)
Total other financing sources (uses)	(2,058,004)	1,218,488	(645,700)	(645,908)	-	-	(2,131,124)
Net change in fund balances	489,449	77,992	(660)	1,375,719	1,440,416	(1,513,528)	1,869,388
Fund balances, July 1, 2018	3,364,988	-	16,296	11,206,788	14,663,941	3,504,915	32,756,928
Fund balances, June 30, 2019	$ 3,854,437	$ 77,992	$ 15,636	$ 12,582,507	$ 16,104,357	$ 1,991,387	$ 34,626,316

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 forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two adult education centers, two special education centers and forty-two children's centers and preschools, serving infants through age 12. Seventeen charter schools also operated in the District serving kindergarten though grade twelve, five of which were governed by the District Board of Education.

GOVERNING BOARD

Name	Office	Term Expires
Jessie Ryan	President	December 2020
Darrel Woo	Vice President	December 2022
Michael Minnick	Second Vice President	December 2020
Leticia Garcia	Member	December 2022
Lisa Murawski	Member	December 2022
Christina Pritchett	Member	December 2020
Mai Vang	Member	December 2020
Rachel Halbo	Student Member	June 2019*

ADMINISTRATION

Jorge A. Aguilar
Superintendent

Cathy Allen**
Chief Operations Officer

Lisa Allen
Deputy Superintendent

Alex Barrios***
Chief Communications Officer

Vincent Harris
Chief Continuous Improvement and Accountability Officer

Elliot Lopez****
Chief Information Officer

Vacant†
Chief Business Officer

(Continued)

ADMINISTRATION
(Continued)

Cancy McArn
Chief Human Resources Officer

Iris Taylor, Ed.D.‡
Chief Academic Officer

*Olivia Ang-Olson voted into office as the student member in June 2019 for the 2019-20 fiscal year.
** Cathy Allen retired effective October 14, 2019.
*** Alex Barrios resigned effective January 3, 2020.
****Elliot Lopez resigned effective January 31, 2020.
† The position was vacant at June 30, 2019. Rose F. Ramos was hired effective September 16, 2019.
‡ Iris Taylor, Ed.D. resigned effective September 30, 2019. Christine Baeta was reassigned effective August 15, 2019.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2019

	Second Period Report	Annual Report
Certificate Number:	FC17E3D6	6B026A34
Elementary:		
Transitional Kindergarten through Third	12,084	12,040
Fourth through Sixth	9,094	9,045
Seventh and Eighth	6,519	6,481
Special Education	213	210
Community Day School	24	28
	27,934	27,804
Secondary:		
Ninth through Twelfth	10,345	10,180
Special Education	146	141
Total Secondary	10,491	10,321
District ADA Totals	38,425	38,125
Charter Schools		
Certificate Number:	C679988A	0D14D792
Bowling Green Elementary - Classroom-Based:		
Transitional Kindergarten through Third	456	453
Fourth through Sixth	314	306
Total Bowling Green Elementary Charter	770	759
Certificate Number:	5B78B495	2A9DFA67
George Washington Carver School of Arts and Science - Classroom-Based:		
Ninth through Twelfth	228	219
Certificate Number:	81214BBA	8C8AE3B6
New Joseph Bonnheim - Classroom-Based:		
Transitional Kindergarten through Third	157	157
Fourth through Sixth	118	117
Total New Joseph Bonnheim Charter	275	274
Certificate Number:	D4EE9A29	906C2668
New Technology High - Classroom-Based:		
Ninth through Twelfth	190	187
Certificate Number:	760C9ABA	5222786D
The Met Sacramento High School - Non-Classroom-Based:		
Ninth through Twelfth	264	259
Total Charter Schools	1,727	1,698

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2019

Grade Level	Statutory Minutes Requirement	2018-2019 Actual Minutes	Number of Days Traditional Calendar	Status
District				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
Grade 7	54,000	54,130	180	In Compliance
Grade 8	54,000	54,130	180	In Compliance
Grade 9	64,800	64,800	180	In Compliance
Grade 10	64,800	64,800	180	In Compliance
Grade 11	64,800	64,800	180	In Compliance
Grade 12	64,800	64,800	180	In Compliance
Bowling Green Charter School - Classroom Based				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
George Washington Carver School of Arts and Science - Classroom Based				
Grade 9	64,800	64,800	180	In Compliance
Grade 10	64,800	64,800	180	In Compliance
Grade 11	64,800	64,800	180	In Compliance
Grade 12	64,800	64,800	180	In Compliance
New Joseph Bonnheim Charter School - Classroom Based				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
New Technology High School - Classroom Based				
Grade 9	64,800	68,835	175	In Compliance
Grade 10	64,800	68,835	175	In Compliance
Grade 11	64,800	68,835	175	In Compliance
Grade 12	64,800	68,835	175	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, 2019

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611	13379	$ 9,086,678
84.027	IDEA: Private School ISP	13379	25,913
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	272,858
84.027A	IDEA: Mental Health Services, Part B, Sec 611	14468	475,066
84.137A	IDEA: Preschool Staff Development, Part B, Sec 619	13431	2,416
84.173A	Alternative Dispute Resolution, Part B, Sec 611	13007	15,865
	Subtotal Special Education Cluster		9,878,796
	Adult Education Program:		
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	120,757
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	24,750
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	37,506
	Subtotal Adult Education Program		183,013
	Carl D. Perkins Program:		
84.048	Vocational Programs: Voc & Applied Single Parent II (Carl Perkins Act)	*	282,150
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131 (Vocational Education)	14894	481,086
	Subtotal Carl D. Perkins Program		763,236

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education - Passed through California Department of Education (Continued)			
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	$ 16,068,679
84.010	ESEA: Title I, Home Visit	14329	227,029
84.010	ESEA: Title I, Part A, Other No Child Left Behind	14329	798,397
	Subtotal Title I Program		17,094,105
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	2,098,451
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	191,566
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.365	ESEA: Title III, Limited English Proficiency (LEP) Student Program	14346	762,609
84.060	Indian Education (From Federal Government)	10011	29,570
84.063	Pell Grants - Student Financial Aid Cluster	*	798,469
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,949,500
84.215G	Innovative Approaches to Literacy Program	*	174,474
84.377	ESEA: Title I, School Improvement Grant (SIG) for QEIA Schools	14971	13,103,273
	Total U.S. Department of Education		47,166,482
U.S. Department of Health and Human Services - Passed through California Department of Health Care Services			
	Medicaid Cluster:		
93.778	Medi-Cal Billing Option	10013	1,154,169
93.778	Medi-Cal Administrative Activities	10013	499,517
	Medicaid Cluster subtotal		1,653,686
U.S. Department of Health and Human Services - Passed through California Department of Education			
93.596	Child Development: Federal General (CCTR) and State Preschool (CSPP); Rs 5026, Family Child Care Home (CFCC) - CCDF Cluster	13609	366,378
93.674	Chafee Foster Care Independent Living	*	99,999
93.600	Head Start	10016	11,720,327
93.566	Refugee Cash and Medical Assistance Program	*	31,994

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Health and Human Services - Passed through Substance Abuse and Mental Health Services Administration			
93.243	Meadowview Project Aware Grant	*	41,239
	Total U.S. Department Health and Human Services		13,913,623
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.555	National School Lunch Program	13396	$ 20,670,745
10.559	Child Nutrition: Summer Food Service Program Operations	13004	318,025
	Subtotal Child Nutrition Cluster		20,988,770
10.558	Child Nutrition: Child Care Food Program	13666	2,085,308
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	62,702
	Total U.S. Department of Agriculture		23,136,780
U.S. Department of Justice			
16.543	Missing Children's Assistance	*	85,466
U.S. Department of Defense			
12.357	ROTC	*	342,358
U.S. Department of Labor			
	Workforce Innovation and Opportunity Act Cluster:		
17.259	Workforce Investment Act, Youth Activities	10055	160,747
17.258	Workforce Investment Act, Adult Activities	10055	52,808
	Total U.S. Department of Labor		213,555
	Total Federal Programs		$ 84,858,264

* District is unable to provide PCA numbers.

See accompanying notes to supplementary information.

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2019
(UNAUDITED)

	(Budget) 2020	2019	2018	2017
General Fund				
Revenues and other financing sources	$ 561,965,949	$ 555,039,158	$ 508,290,529	$ 501,227,431
Expenditures	578,839,041	553,491,115	518,008,558	515,670,957
Other uses and transfers out	1,833,785	1,719,449	1,248,027	2,022,282
Total outgo	580,672,826	555,210,564	519,256,585	517,693,239
Change in fund balance	$ (18,706,877)	$ (171,406)	$ (10,966,056)	$ (16,465,808)
Ending fund balance	$ 51,622,468	$ 70,329,345	$ 70,500,751	$ 81,466,807
Available reserves	$ 45,265,663	$ 52,751,482	$ 20,013,133	$ 20,013,133
Designated for economic uncertainties	$ 45,265,663	$ 52,751,482	$ 20,013,133	$ 20,013,133
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as percentages of total outgo	7.8%	9.5%	3.9%	4.0%
All Funds				
Total long-term liabilities	$1,600,159,938	$1,608,818,718	$1,804,562,828	$1,285,646,178
Average daily attendance at P-2, excluding Adult and Charter School	38,091	38,425	38,588	38,686

The General Fund fund balance has decreased by $27,603,270 over the past three years. The District has incurred operating deficits in three of the past three years, and anticipates incurring an operating deficit during the 2019-2020 fiscal year. The fiscal year 2019-2020 budget projects a decrease of $18,706,877. For a district this size, the state recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2019, the District has met this requirement.

Total long-term liabilities have increased by $323,172,540 over the past two years, due primarily to the recognition of the net pension and the net OPEB liabilities (Note 6 to the financial statements).

Average daily attendance has decreased by 261 over the past two years. The District anticipates a decrease of 334 ADA for the 2019-2020 fiscal year.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2019

Charter No.	Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0598	Aspire Capitol Heights Academy	Separate Report
0018	Bowling Green Charter Elementary	Included as Charter Schools Fund
0775	California Montessori Project Capitol Campus	Separate Report
1273	Capitol Collegiate Academy	Separate Report
0588	George Washington Carver School of Arts and Science	Included as Charter Schools Fund
1848	Growth Public Schools	Separate Report
0640	Language Academy of Sacramento	Separate Report
0586	The Met Sacramento High School	Included as Charter Schools Fund
1690	New Joseph Bonnheim Charter School	Included as Charter Schools Fund
0585	New Technology High School	Included as Charter Schools Fund
1986	NorCal Trade and Tech*	Separate Report
1386	Oak Park Preparatory Academy**	Separate Report
0596	Sacramento Charter High School	Separate Report
1948	Sacramento Academic and Vocational Academy (SAVA)	Separate Report
0552	Sol Aureus College Preparatory	Separate Report
0491	St. HOPE Public School 7	Separate Report
1186	Yav Pem Suab Academy	Separate Report

*Charter School closed effective August 30, 2019
**Charter School closed effective June 30, 2019

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
For the Year Ended June 30, 2019

	Academic and Support Services*	Child Care*
Revenues		
Other local sources	$ 357,466	$ 412,971
Expenditures:		
Certificated salaries	214,539	187,108
Classified salaries	-	48,024
Employee benefits	136,790	139,282
Books and supplies	4,483	228
Contract services and operating expenditures	1,654	2,831
Indirect costs	-	35,498
Total expenditures	357,466	412,971
Change in fund balance	-	-
Fund balance, July 1, 2018	-	-
Fund balance, June 30, 2019	$ -	$ -

* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 74 to 75 of the financial statements for a complete presentation of the Child Development Fund.

See accompanying notes to supplementary information.

NOTE 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. The District neither met nor exceeded its target funding. 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

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

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, 2019.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 87,394,922
Deduct: Medi-Cal Billing Option unspent funds	93.778	(76,436)
Child Care Food Program unspent funds	10.558	(2,159,752)
Fresh Fruit and Vegetable Program unspent funds	10.582	(300,470)
Total Schedule of Expenditure of Federal Awards		$ 84,858,264

(Continued)

NOTE 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 2019-2020 fiscal year, as required by the State Controller's Office.

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 Expenditures

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2019, the District did not adopt this program.

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance with State Laws and Regulations

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the State of California's *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2019.

Description	Procedures Performed
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Attendance, for charter schools	Yes
Mode of Instruction, for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	Yes
Annual Instructional Minutes - Classroom-Based, for charter schools	Yes
Charter School Facility Grant Program	No, see below

(Continued)

The District did not offer an Early Retirement Incentive Program; therefore, we did not perform any procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District does not have programs that meet this criteria.

The District did not operate as a District of Choice; therefore, we did not perform any procedures related to District of Choice.

The District did not operate a Before School Education and Safety Program; therefore, we did not perform any procedures related to this program.

The District did not offer an Independent Study-Course Based program; therefore, we did not perform any procedures related to this program.

The District did not receive Charter School Facility Grant Program funding in the current year; therefore, we did not perform any procedures related to the Charter School Facility Grant Program.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Sacramento City Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2018-19 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Sacramento City Unified School District's compliance with the state laws and regulations listed above 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 on compliance with state laws and regulations. However, our audit does not provide a legal determination of Sacramento City Unified School District's compliance.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2019-002 and 2019-003 in the accompanying Schedule of Audit Findings and Questioned Costs, Sacramento City Unified School District did not comply with the requirements regarding After School Education and Safety Program and Unduplicated Local Control Funding Formula Pupil Counts. Compliance with such requirements is necessary, in our opinion, for Sacramento City Unified School District to comply with the requirements applicable to the state laws and regulations referred to above.

(Continued)

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2019.

Other Matter

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

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
February 18, 2020

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

Board of Education
Sacramento City Unified School District
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements, and have issued our report thereon dated February 18, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a deficiency in internal control that was communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2019-001.

(Continued)

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 Finding

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
February 18, 2020

Crowe LLP
Independent Member Crowe Global

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance on First 5 Sacramento County Program

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, 2019.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance on Sacramento City Unified School District's First 5 Sacramento County Program based on our audit of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on First 5 Sacramento County Program occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We 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.

Opinion on First 5 Sacramento County Program

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, 2019.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
February 18, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sacramento City Unified School District's major federal programs for the year ended June 30, 2019. Sacramento City Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sacramento City Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Sacramento City Unified School District's compliance.

Unmodified Opinion on Each of the Major Federal Programs

In our opinion, Sacramento City Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

(Continued)

Report on Internal Control Over Compliance

Management of Sacramento City Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sacramento City Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Crowe LLP

Sacramento, California
February 18, 2020

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported	
Noncompliance material to financial statements noted?	____ Yes	X No	

FEDERAL AWARDS

Internal control over major programs:			
Material weakness(es) identified?	____ Yes	X No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported	

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

CFDA Number(S)	Name of Federal Program or Cluster	Type of Opinion
84.010	NCLB: Title I Cluster	Unmodified
10.558	Child Care Food Program	Unmodified

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

Identification of major programs:

CFDA Number(S)	Name of Federal Program or Cluster
84.010	NCLB: Title I Cluster
10.558	Child Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 2,545,748	
Auditee qualified as low-risk auditee?	X Yes	____ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 DEFICIENCY - SEGREGATION OF DUTIES IN JOURNAL ENTRY PROCESSING (30000)

Criteria

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

Context

Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system.

Effect

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

Cause

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

Fiscal Impact

Not applicable.

Recommendation

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

Views of Responsible Officials and Planned Corrective Action

The District currently uses a manual process for the segregation of duties to mitigate the same individual preparing and posting their own journal entries into the financial system. The District will implement stronger internal controls to address the risk that the same individual could prepare and post journal entries into the financial system by adding an additional level of review to verify potential entries on a periodic basis.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-002 DEFICIENCY - AFTER SCHOOL SAFETY AND EDUCATION PROGRAM - ATTENDANCE (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (B) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

The After School Education and Safety (ASES) Program improperly reported 31 days of attendance in their attendance system and was unable to provide sign in sheets to support an additional 2 days of attendance in their attendance system.

Context

We performed the audit procedures enumerated in the State of California 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting and identified the finding described above.

Effect

The effect of this finding is an overstatement of 33 days of attendance for the District's ASES program.

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

Not determinable.

Recommendation

The District should enforce controls to ensure accurate accounting for attendance.

Views of Responsible Officials and Planned Corrective Action

The District will work with site administration and staff to implement the recommendations. The District will continue to provide staff training on student attendance reporting procedures. The Youth Development department staff will perform internal reviews prior to filing attendance reports, and will submit corrected 2018-19 attendance reports to the California Department of Education.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria

Education Code Section 42238.02 (B)(3)(B) - …determine if the English learner, foster youth, and free or reduced-price meal eligible pupil counts [in Carloads] are consistent with the school district'S or charter school'S English learner, foster youth, and free or reduced-price meal eligible pupil records.

Condition

At multiple sites in the District, two students were improperly included as as Free or reduced-price meal eligible. There was no supporting documentation that these students met the free or reduced-price meal eligible program guidelines.

Context

We performed the audit procedures enumerated in the State of California 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting and identified the finding described above.

Effect

For the District, the effect of this finding is an extrapolated overstatement of 333 unduplicated pupil counts.

Abraham Lincoln Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	482	317	17	148	482
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	482	311	17	148	476

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Albert Einstein Middle

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	588	486	16	86	588
Audit adjustments	-	(9)	-	-	(9)
Adjusted counts	588	477	16	86	579

Alice Birney Public Waldorf K-8

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	173	160	2	11	173
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	173	157	2	11	170

Arthur A. Benjamin Health Professions High

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	175	148	5	22	175
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	175	145	5	22	172

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Bret Harte Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	227	193	2	32	227
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	227	189	2	32	223

C.K. McClatchy High

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	1,428	1,161	31	236	1,428
Audit adjustments	-	(21)	-	-	(21)
Adjusted counts	1,428	1,140	31	236	1,407

Caleb Greenwood Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	155	145	3	7	155
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	155	142	3	7	152

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

California Middle

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	596	490	5	101	596
Audit adjustments	-	(9)	-	-	(9)
Adjusted counts	596	481	5	101	587

Caroline Wenzel Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	253	221	5	27	253
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	253	217	5	27	249

Cesar Chavez Intermediate

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	362	267	2	93	362
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	362	262	2	93	357

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

David Lubin Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	257	220	4	33	257
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	257	216	4	33	253

Earl Warren Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	396	231	10	155	396
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	396	226	10	155	391

Edward Kemble Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	517	293	15	209	517
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	517	287	15	209	511

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Elder Creek Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	734	387	11	336	734
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	734	380	11	336	727

Ethel I. Baker Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	636	378	4	254	636
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	636	371	4	254	629

Ethel Phillips Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	492	240	7	245	492
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	492	235	7	245	487

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Father Keith B. Kenny

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	311	231	5	75	311
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	311	226	5	75	306

Golden Empire Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	421	341	10	70	421
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	421	334	10	70	414

H.W. Harkness Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	319	232	6	81	319
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	319	227	6	81	314

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Hollywood Park Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	283	232	2	49	283
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	283	227	2	49	278

Hubert H. Bancroft Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	240	213	4	23	240
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	240	209	4	23	236

Isador Cohen Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	232	190	-	42	232
Audit adjustments	-	(4)	-	340	336
Adjusted counts	232	186	-	382	568

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

James Marshall Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	340	257	11	72	340
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	340	252	11	72	335

John Bidwell Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	261	191	3	67	261
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	261	187	3	67	257

John D. Sloat Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	232	172	3	57	232
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	232	168	3	57	228

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

John F. Kennedy High

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	1,347	1,139	37	171	1,347
Audit adjustments	-	(21)	-	-	(21)
Adjusted counts	1,347	1,118	37	171	1,326

John H. Still K - 8

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	854	573	49	232	854
Audit adjustments	-	(11)	-	-	(11)
Adjusted counts	854	562	49	232	843

John Morse Therapeutic Center

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	41	38	-	3	41
Audit adjustments	-	(1)	-	-	(1)
Adjusted counts	41	37	-	3	40

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Kit Carson International Academy

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	395	337	6	52	395
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	395	330	6	52	388

Leataata Floyd Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	338	313	-	25	338
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	338	307	-	25	332

Luther Burbank High

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	1,529	1,086	55	388	1,529
Audit adjustments	-	(20)	-	-	(20)
Adjusted counts	1,529	1,066	55	388	1,509

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Mark Twain Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	287	206	3	78	287
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	287	202	3	78	283

Martin Luther King, Jr. Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	336	283	6	47	336
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	336	276	6	47	329

Nicholas Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	614	396	7	211	614
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	614	388	7	211	606

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Non-Public School Group for Sacramento City Unified

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	160	103	29	28	160
Audit adjustments	-	(2)	-	-	(2)
Adjusted counts	160	101	29	28	158

O. W. Erlewine Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	184	151	5	28	184
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	184	148	5	28	181

Oak Ridge Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	480	331	10	139	480
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	480	325	10	139	474

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Pacific Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	698	363	30	305	698
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	698	356	30	305	691

Peter Burnett Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	465	273	24	168	465
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	465	268	24	168	460

Phoebe A. Hearst Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	124	119	2	3	124
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	124	116	2	3	121

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Pony Express Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	268	188	9	71	268
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	268	184	9	71	264

Rosa Parks K - 8

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	776	555	9	212	776
Audit adjustments	-	(11)	-	-	(11)
Adjusted counts	776	544	9	212	765

Sacramento City Unified - Home Hospital

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	16	12	3	1	16
Audit adjustments	-	(1)	-	-	(1)
Adjusted counts	16	11	3	1	15

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Sam Brannan Middle

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	384	326	7	51	384
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	384	320	7	51	378

School of Engineering & Sciences

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	376	322	9	45	376
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	376	316	9	45	370

Sequoia Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	288	259	7	22	288
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	288	254	7	22	283

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Success Academy

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	23	21	-	2	23
Audit adjustments	-	(1)	-	-	(1)
Adjusted counts	23	20	-	2	22

Susan B. Anthony Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	310	146	19	145	310
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	310	143	19	145	307

Sutter Middle

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	546	496	5	46	547
Audit adjustments	-	(9)	-	-	(9)
Adjusted counts	546	487	5	46	538

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Sutterville Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	201	168	9	24	201
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	201	164	9	24	197

Tahoe Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	313	258	2	53	313
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	313	253	2	53	308

Theodore Judah Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	198	178	8	12	198
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	198	174	8	12	194

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Washington Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	163	142	1	20	163
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	163	139	1	20	160

West Campus

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	486	478	-	8	486
Audit adjustments	-	(9)	-	-	(9)
Adjusted counts	486	469	-	8	477

William Land Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	260	148	26	86	260
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	260	145	26	86	257

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Woodbine Elementary

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	306	216	4	86	306
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	306	212	4	86	302

District-Wide

		Unduplicated Pupil Count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on Carloads	29,482	21,900	792	6,790	29,482
Audit adjustments	-	(333)	-	-	(333)
Adjusted counts	29,482	21,567	792	6,790	29,149

Cause

The errors were the result of clerical errors in accounting for unduplicated pupil counts.

Fiscal Impact

The Unduplicated Pupil Percentage for Sacramento City Unified School District was originally reported at 71.63% and the revised School District Unduplicated Pupil Percentage should be revised to 71.35%; the fiscal impact is a reduction of LCFF revenues of approximately $627,091.

Recommendation

The District should ensure that all students are properly reflected in the Carloads reporting under the appropriate free or reduced-price meal program status.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2019-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action

The District will work with administration and staff to follow internal controls to confirm only eligible students are included in the California Longitudinal Pupil Achievement Data System (CALPADS) reporting before the report has been submitted. This includes ongoing inter-department meetings to ensure accurate CALPADS reporting for Free or Reduced-Price Meal Program (FRPM) and English Language Acquisition Status (ELAS) Local Control Funding Formula (LCFF) funded students; a final review process to confirm accuracy prior to the report submission; and a random selection of a sampling of the students included in the FRPM and ELAS reporting over various school sites.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2018-001 Condition: At various school sites selected for testing the following issues were noted: Arthur A. Benjamin Health Professions High School • Profit and Loss statements for the student store are not approved. • Fundraisers are not approved by the site principal. Sam Brannan Middle School • A dual count is not being documented when funds are turned into the office. • A receipt is not being issued when funds are turned into the office. • Cash receipts are not reconciled to supporting documentation when turned into the office. • Profit and Loss statements for the student store are not prepared or approved. New Technology High School • Fundraisers are not approved prior to the event. • Monthly financial reports and reconciliations are not reviewed by the site principal. American Legion Continuation High • Receipts are not issued when funds are turned into the office. • Deposits are not performed in a timely manner.	Implemented.	

(Continued)

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2018-001 (Continued) Recommendation: Based on the deficiencies identified above, we recommend the following: • Cash count forms should be prepared evidencing dual count of funds for receipt of funds. • A receipt for the funds turned into the ASB should be issued. • Cash receipts should be supported by detailed schedules noting the quantity and unit price of items sold. • Profit and Loss statements for the student store should be prepared and approved. • The Monthly Encumbrance Report should be reviewed by the principal. • Approval of expenditures should be formally documented by the proper individuals (including an elected student representative if applicable) before an item is purchased.		
2018-002 Condition Arthur A. Benjamin Health Professions High School - Grades 9-12: • One student was improperly counted as present for one day. New Technology High School - Grades 9-12: • One student was improperly counted as present for one day. Recommendation: We recommend that the attendance clerk reconciles attendance log with attendance records to ensure attendance is accurately recorded.	Implemented.	

(Continued)

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2018-003 Condition: At multiple sites in the District, three students were improperly included as English learner. There was no supporting documentation that these students were approved to be documented as English learner status. At New Technology High School, one student was improperly included as English learner. There was no supporting documentation that the student was approved to be documented as English learner status. Recommendation: The District should ensure that all students are properly reflected in the CalPADS reporting under the appropriate English Learner status.	Implemented.	