SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento, California

FINANCIAL STATEMENTS
June 30, 2011

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sacramento City Unified School District, as of and for the year ended June 30, 2011, which collectively comprise Sacramento City Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Sacramento City Unified School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2011 on our consideration of Sacramento City Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITORS' REPORT
(Continued)

Management's Discussion and Analysis and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule and the Schedule of Other Postemployment Benefits Funding Progress, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sacramento City Unified School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Sacramento City Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 12, 2011

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by the Governmental Accounting Standards Board. Certain comparative information is required to be presented in this document.

District Overview

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

The District operates 50 elementary schools (grades K-6), five elementary/middle schools (grades K-8), nine middle schools (grades 7-8), one 7–12 middle/high school, seven high schools (grades 9-12), one independent study school, two continuation/alternative schools, three adult education centers, two special education centers and 47 children's centers and preschools, serving infants through age 12. Eleven charter schools operated in the District serving kindergarten through grade 12.

For the 2010-11 school year, the District's CBEDs enrollment was 47,896. Much like the rest of the state, the District has experienced declining enrollment in past years. An increase in enrollment for 2009-10 was welcome news to the District; however, enrollment declined slightly in 2010-11.

The District is governed by a Board of Education consisting of seven members and one student member. The regular members are elected to staggered four-year terms every two years. As a result of the passage of two ballot measures at the November 7, 2006 election, Board member elections starting with the November 4, 2008 election, are no longer held district-wide, but instead are held among voters who reside in each of seven newly created trustee areas.

Mission and Strategic Plan

The District's Mission:

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

The District's *Strategic Plan 2010-14: Putting Children First*

- Career and College Ready Students: When children graduate from our schools, they will leave us as globally competitive, lifelong learners, prepared for college or a 21st Century career path of their choosing.

- Family and Community Engagement: Families are our most important allies, and we will develop opportunities for them to participate in their children's education. We will remake our campuses into welcoming, vibrant community hubs and seek out community partners who can provide broad learning opportunities for students.

- Organizational Transformation: Our structure will transform to better serve our school sites, provide acute focus on teaching and learning and create a culture of continuous improvement. We will recruit, train, retain and compensate a highly capable and diverse workforce. We will hold ourselves accountable for results.

District Practices

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

Financial Reports

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

District-wide Financial Condition

The Statement of Net Assets is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Fiscal year 2001-02 was the first year the District accounted for the value of fixed assets and included these values as part of financial statements. We display the book value of all district assets including buildings, land and equipment and related depreciation in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many of our school sites have low values for even today's market because the district acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation.

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

	June 30, 2011	**June 30, 2010**
Capital Assets	$506,092,680	$514,345,753
Other Assets	$212,689,249	$174,243,952
Total Assets	$718,781,929	$688,589,705

Current and Other Liabilities	$ 84,103,282	$ 39,985,892
Long-Term Liabilities	$556,010,216	$551,072,832
Total Liabilities	$640,113,498	$591,058,724
Net Assets Invested in Capital Assets (net of related debt)	$ 90,446,147	$ 87,907,735
Restricted Net Assets	$ 92,956,612	$ 109,332,265
Unrestricted Net Assets	$-104,734,328	$ -99,709,019
Total Net Assets	$ 78,668,431	$ 97,530,981

Total Net Assets decreased primarily due to the recognition of the Other Postemployment Benefit (OPEB) obligation that reflects the amortization of the unfunded liability as well as normal costs for the 2010-11 fiscal year.

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, 2011	June 30, 2010
Expenses		
Governmental Activities:		
Instruction	$306,887,194	$306,531,018
Instruction-Related Services	$ 66,802,679	$ 69,444,467
Pupil Services	$ 55,084,410	$ 37,481,020
General Administration	$ 18,066,997	$ 19,035,982
Plant Services	$ 45,395,940	$ 47,505,231
Interest on Long-Term Debt	$ 21,766,932	$ 19,447,910
All Other Expenses and Outgo	$ 4,330,093	$ 2,979,651
Total Governmental Activity Expenses	$518,334,245	$502,425,279
Business Type Activities:		
Food Services	$ 0	$ 15,573,442
All Other Business Type Activities	$ 0	$ 1,097,110
Total Business Type Activity Expenses	$ 0	$ 16,670,552
Revenues		
Charges For Services	$ 2,237,629	$ 2,295,141
Operating Grants and Contributions	$167,029,411	$151,610,604
Capital Grants and Contributions	$ 572,374	$ 0
Taxes Levied for General Purposes	$ 61,609,735	$ 65,317,822
Taxes Levied for Debt and Special Purposes	$ 28,985,489	$ 28,510,184
Unrestricted Federal and State Aid	$227,074,595	$219,178,220
Interest and Investment Earnings	$ 459,920	$ 622,417
Interagency Revenues	$ 1,524,095	$ 0
Miscellaneous	$ 9,978,447	$ 10,894,243
Total Revenues	$499,471,695	$478,428,631
Change in Net Assets	$ -18,862,550	$ -40,667,220

Sacramento City Unified School District continued to maintain its sound financial condition. District-wide operations have been stable, with governmental activity expenses increasing under Pupil Services due to an accounting change for the Cafeteria Fund. Other areas reflect minor decreases primarily due to expenditure reductions caused by budget constraints offset by increases in employee costs, particularly health and welfare costs.

Overall revenues increased, particularly in Operating Grants and Contributions. This increase is due to the focus on obtaining grants and categorical dollars. In addition, Federal Education Jobs Funds and ARRA funds are included in the totals. Unrestricted Federal and State Aid increased due to a one-time revenue limit reduction in 2009-10 that did not continue in 2010-11. Interagency Revenues reflects funding that is received by Sacramento County Office of Education for county wide programs and then transferred to the District. These funds were not available in 2009-10.

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to take into account revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carry over 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, 2011:

	Adopted Budget	**Year End Budget**	**Actual**
Total Revenues	$357,101,867	$426,570,643	$412,911,349
Total Expenditures	$340,148,175	$430,328,497	$405,855,019
Total Other Sources/(Uses)	$ -752,603	$ 2,074,273	$ 2,982,503

The net revenue increase between Adopted and Year End budget was $69,468,776 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 (carry over) are appropriated mid-year.

The net increase to the total expenditure budget between Adopted and Year End budget was $90,180,322, due to revisions to set up expenditures related to categorical program funds which are budgeted after July 1 as grant award documents are received and school site plans are approved.

The net change to the total Other Financing Sources and Uses budget between Adopted and Year End budget was $2,826,876 due to additional funds transferred from the Deferred Maintenance Fund (Tier III program) to cover planned operating expenditures in the General Fund.

Actual revenues were $13,659,294 or 3.2%, below year end budget due primarily to unspent and unearned categorical revenue. Actual expenditures were $24,473,478, or 5.7%, below year end budget due to unspent categorical revenue and unspent school site program funds.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2011:

Total Revenue	$412,911,349
Total Expenditures	$405,855,019
Other Financing Sources & Uses	$ 2,982,503
Net Change	$ 10,038,833

The General Fund ending balance increased based on planned carryover to assist with the budget shortfall for 2011-12. These carryovers included the Federal Education Jobs Funds as well as unrestricted funds. Future financial performance is dependent on management's ability to continue to control expenses and maintain revenue levels. As evidenced in previous years' budget reductions, the Board has been proactive in making any necessary budget adjustments to maintain district fiscal integrity.

Capital Projects

Modernization and construction projects are scheduled to continue as we update our existing facilities and continue to close out construction on The Met and the Luther Burbank Sports Complex.

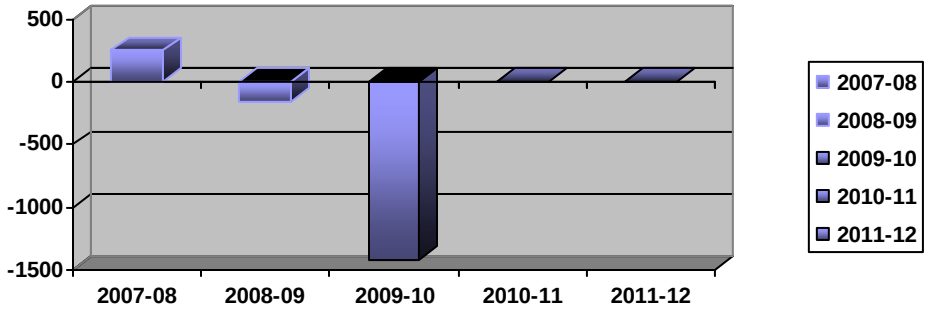
District Indebtedness

As of June 30, 2011 the District has incurred $556,010,216 of long-term liabilities. Of this amount, $331,142,966 is General Obligation Bonds backed by property tax increases voted on by district residents in 1999 and 2002, and $1,830,000 is a Special Tax Bond, also backed by property tax increases voted on by residents.

Financial Issues

Over the last several years, California has experienced severe budget crises, causing fluctuations in available revenues. While there was a slight increase in funding for school districts for the 2007-08 fiscal year, the continuous variation makes it very difficult for planning and providing a high level of programs and support for our students. Despite showing flat funding for 2011-12, it is likely the district will experience mid-year reductions that reflect a reduction in the per pupil funding. The table below shows the unstable trend in state school funding.

Change in Per Pupil Funding



Funding

The District's average daily attendance decreased by 349 over the prior year. Declining enrollment and new charter schools contributed to the reduction. Staff have made student attendance a priority and are working diligently to identify student absences early in the school year to provide supports to increase the time spent in the classroom.

Health Care Costs

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

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

December 2006 Liability	$505.7 Million
December 2008 Liability	$552.4 Million
Total Increase	$ 46.7 Million

Through the negotiations process, efforts to fund the liability have started. Changes effective with the 2010-11 school year have been implemented. An updated actuarial report will be presented to the Board in January, 2012.

Categorical Funding

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

The District's Future

During many years of funding reductions and increasing costs, the District has had to significantly reduce expenditures. The Board of Education and Superintendent have made it a priority to limit reductions that affect the classroom. However, despite best efforts, budget reductions and revenue enhancements totaling $177 million over nine years has had a negative impact on the classroom. These difficult decisions helped enable the District to bring its General Fund expenditures in line with its revenue.

However, the District is again facing financial challenges. Despite direction from the state to budget flat funding for 2011-12, it appears that districts will be faced with mid-year reductions. In addition, on-going expenditure increases such as health and welfare increases and the use of one time funds to balance 2011-12 will create the need for additional budget reductions. Most likely, reductions will be needed mid-year in 2011-12 as well as 2012-13.

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

Additionally, the Board of Education, Superintendent and staff have dedicated substantial time reviewing and discussing the criteria and process for school consolidation and closures. A 7-11 committee was convened and provided recommendations to the Board and Superintendent. At this time, community forums have been held and feedback was presented to the Board in December, 2011.

There is no doubt that the next several years will continue to be difficult financially. As we continue to work with our stakeholders and partners; their input, ideas and support will be necessary to maintain a fiscally sound district. Staff will continue to work closely with the Board of Education to ensure the District maintains its solid fiscal status.

Contacting the District's Financial Management

If you have questions regarding this report or need additional financial information, contact the Chief Business Officer at (916) 643-7840.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 87,379,482
Receivables	121,924,953
Prepaid expenditures	2,923,133
Stores inventory	461,681
Non-depreciable capital assets (Note 4)	27,121,188
Depreciable capital assets, net of accumulated depreciation (Note 4)	478,971,492
Total assets	718,781,929
LIABILITIES	
Accounts payable	18,223,284
Unpaid claims and claim adjustment expenses (Note 5)	2,797,156
Deferred compensation (Note 2)	7,622,667
TRANs payable (Note 6)	50,000,000
Deferred revenue	5,460,175
Long-term liabilities (Note 7):	
Due within one year	45,810,287
Due after one year	510,199,929
Total liabilities	640,113,498
NET ASSETS	
Invested in capital assets, net of related debt	90,446,147
Restricted (Note 8)	92,956,612
Unrestricted	(104,734,328)
Total net assets	$ 78,668,431

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities (Note 4):							
Instruction	$ 306,887,194	$ 354,857	$ 90,682,613	$ 572,374	$ (215,277,350)		$ (215,277,350)
Instruction-related services:							
Supervision and administration	25,747,231	223,648	20,088,342		(5,435,241)		(5,435,241)
Library, media and technology	3,764,703		1,501,341		(2,263,362)		(2,263,362)
School site administration	37,290,745	26,503	3,512,864		(33,751,378)		(33,751,378)
Pupil services:							
Home-to-school transportation	12,262,395		4,475,349		(7,787,046)		(7,787,046)
Food services	17,572,856	1,010,390	16,060,108		(502,358)		(502,358)
All other pupil services	25,249,159	207,149	19,546,599		(5,495,411)		(5,495,411)
General administration:							
Centralized data processing	2,543,832				(2,543,832)		(2,543,832)
All other general administration	15,523,165	72,284	4,619,198		(10,831,683)		(10,831,683)
Plant services	45,395,940	298,217	5,633,421		(39,464,302)		(39,464,302)
Ancillary services	1,937,090	4,433	26,124		(1,906,533)		(1,906,533)
Community services	477,547	53	93,661		(383,833)		(383,833)
Enterprise activities	227,472	21,135	105,699		(100,638)		(100,638)
Other outgo	1,687,984	18,960	684,092		(984,932)		(984,932)
Interest on long-term liabilities	21,766,932				(21,766,932)		(21,766,932)
Total governmental activities	$ 518,334,245	$ 2,237,629	$ 167,029,411	$ 572,374	(348,494,831)		(348,494,831)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					61,609,735		61,609,735
Taxes levied for debt service					26,153,313		26,153,313
Taxes levied for other specific purposes					2,832,176		2,832,176
Federal and state aid not restricted to specific purposes					227,074,595		227,074,595
Interest and investment earnings					459,920		459,920
Interagency revenues					1,524,095		1,524,095
Miscellaneous					9,978,447		9,978,447
Internal transfers					4,755,351	$ (4,755,351)	
			Total general revenues		334,387,632	(4,755,351)	329,632,281
			Change in net assets		(14,107,199)	(4,755,351)	(18,862,550)
			Net assets, July 1, 2010		92,775,630	4,755,351	97,530,981
			Net assets, June 30, 2011		$ 78,668,431	$ -	$ 78,668,431

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2011

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	$ 7,280,382	$ 27,081,226	$ 21,374,602	$ 55,736,210
Cash on hand and in banks			782,968	782,968
Cash in revolving fund	225,000		2,000	227,000
Cash awaiting deposit	231,869		2,512,273	2,744,142
Cash with Fiscal Agent		8,797,043	3,266,594	12,063,637
Local Agency Investment Fund (LAIF)		898,674		898,674
Deferred compensation	7,622,667			7,622,667
Receivables	105,158,177	60,009	14,079,314	119,297,500
Due from other funds	9,732,779	15,796,436	6,796,969	32,326,184
Prepaid expenditures	26,601			26,601
Stores inventory	130,123		331,558	461,681
Total assets	$ 130,407,598	$ 52,633,388	$ 49,146,278	$ 232,187,264
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 14,137,017	$ 2,100,667	$ 1,412,240	$ 17,649,924
TRANs payable	50,000,000			50,000,000
Deferred compensation	7,622,667			7,622,667
Deferred revenue	5,062,889		397,286	5,460,175
Due to other funds	19,185,601	1,794,165	9,445,850	30,425,616
Total liabilities	96,008,174	3,894,832	11,255,376	111,158,382
Fund balances:				
Nonspendable	381,724		333,558	715,282
Restricted	10,781,724	48,738,556	37,557,344	97,077,624
Assigned	14,646,976			14,646,976
Unassigned	8,589,000			8,589,000
Total fund balances	34,399,424	48,738,556	37,890,902	121,028,882
Total liabilities and fund balances	$ 130,407,598	$ 52,633,388	$ 49,146,278	$ 232,187,264

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - TO THE STATEMENT OF NET ASSETS

June 30, 2011

Total fund balances - Governmental Funds		$ 121,028,882
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $860,724,976 and the accumulated depreciation is $354,632,296 (Note 4).		506,092,680
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, 2011 consisted of (Note 7):		
Special Tax Bonds	$ (1,830,000)	
General Obligation Bonds	(331,142,966)	
Premium on issuance	(7,942,298)	
Accreted interest	(4,759,145)	
Certificates of Participation	(82,885,000)	
Capitalized lease obligations	(49,435)	
PARS 403(b)	(8,459,934)	
Net OPEB liability (Note 10)	(111,133,251)	
Compensated absences	(7,808,187)	
		(556,010,216)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net assets of the Self-Insurance Fund are:		5,229,485
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:		(568,932)
Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds.		2,896,532
Total net assets - governmental activities		$ 78,668,431

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2011

	General Fund	Building Fund	All Non-Major Funds	Total Governmental Funds
Revenues:				
Revenue limit sources:				
State apportionment	$ 165,947,805		$ 8,405,450	$ 174,353,255
Local sources	56,618,816			56,618,816
Total revenue limit	222,566,621		8,405,450	230,972,071
Federal sources	72,051,245		31,246,077	103,297,322
Other state sources	109,156,582		11,698,938	120,855,520
Other local sources	9,136,901	$ 7,802,724	37,169,178	54,108,803
Total revenues	412,911,349	7,802,724	88,519,643	509,233,716
Expenditures:				
Certificated salaries	175,556,153		15,732,962	191,289,115
Classified salaries	52,390,166	193,544	14,367,690	66,951,400
Employee benefits	102,090,242	51,979	15,766,808	117,909,029
Books and supplies	16,484,359	476,220	9,561,925	26,522,504
Contract services and operating expenditures	56,372,037	972,864	4,675,925	62,020,826
Capital outlay	2,358,049	6,843,203	1,732,212	10,933,464
Other outgo	27,684		1,904	29,588
Debt service:				
Principal retirement	575,774	133,455,000	13,360,000	147,390,774
Interest	555	2,540,852	17,324,343	19,865,750
Total expenditures	405,855,019	144,533,662	92,523,769	642,912,450
Excess (deficiency) of revenues over (under) expenditures	7,056,330	(136,730,938)	(4,004,126)	(133,678,734)
Other financing sources (uses):				
Operating transfers in	12,364,418	572,374	14,938,196	27,874,988
Operating transfers out	(9,397,892)	(2,075,000)	(11,036,792)	(22,509,684)
Proceeds from the issuance of long-term liabilities	15,977	127,605,000		127,620,977
Total other financing sources (uses)	2,982,503	126,102,374	3,901,404	132,986,281
Change in fund balances	10,038,833	(10,628,564)	(102,722)	(692,453)
Fund balances, July 1, 2010	24,360,591	59,367,120	37,993,624	121,721,335
Fund balances, June 30, 2011	$ 34,399,424	$ 48,738,556	$ 37,890,902	$ 121,028,882

The accompanying notes are an integral part of these 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, 2011

Net change in fund balances - Total Governmental Funds		$ (692,453)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	$ 12,203,373	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(19,166,399)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 7).	147,390,774	
In governmental funds, proceeds from debt are recognized as other financing sources. In the statement of net assets, proceeds from debt are reported as increases to liabilities (Note 7).	(127,620,977)	
Accreted interest is an expense that is not reported in the governmental funds (Note 7).	(1,391,172)	
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the assets in the statement of net assets (Note 7).	(7,942,298)	
Issuance costs related to the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the statement of net assets.	(956,130)	
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.	14,733	
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. The change in net assets for the Self-Insurance Fund was:	(572,939)	
In the statement of activities, expenses related to PARS 403(b), net OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 7).	(15,373,711)	(13,414,746)
Change in net assets of governmental activities		$ (14,107,199)

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

June 30, 2011

ASSETS	
Cash and investments:	
Cash in County Treasury	$ 7,052,478
Cash with Fiscal Agent	250,000
Cash awaiting deposit	1,706
Receivables	2,627,453
Due from other funds	20
Total assets	9,931,657
LIABILITIES	
Accounts payable	4,428
Due to other funds	1,900,588
Unpaid claims and claim adjustment expenses	2,797,156
Total liabilities	4,702,172
NET ASSETS	
Restricted	$ 5,229,485

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2011

Operating revenues:	
Self-insurance premiums	$ 10,993,884
Other local revenue	937
Total operating revenue	10,994,821
Operating expenses:	
Classified salaries	280,841
Employee benefits	124,962
Books and supplies	11,204
Contract services	9,292,478
Total operating expenses	9,709,485
Operating income	1,285,336
Non-operating income:	
Interest income	41,725
Non-operating expense:	
Transfers to other funds	(1,900,000)
Change in net assets	(572,939)
Total net assets, July 1, 2010	5,802,424
Total net assets, June 30, 2011	$ 5,229,485

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2011

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 8,484,412
Cash paid for employee benefits	(9,698,015)
Cash paid for other expenses	(527,755)
Net cash used in operating activities	(1,741,358)
Cash flows provided by investing activities:	
Interest income received	41,725
Cash flows used in financing activities:	
Transfers to other funds	(1,900,000)
Change in cash and investments	(3,599,633)
Cash and investments, July 1, 2010	10,903,817
Cash and investments, June 30, 2011	$ 7,304,184
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ 1,285,336
Adjustments to reconcile operating income to net cash used in operating activities:	
Increase in:	
Receivables	(2,510,409)
Due from other funds	(20)
(Decrease) increase in:	
Unpaid claims and claim adjustment expenses	(3,202,693)
Accounts payable	794,240
Due to other funds	1,892,188
Total adjustments	(3,026,694)
Net cash used in operating activities	$ (1,741,358)

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS - PROPRIETARY FUND

CAFETERIA FUND

For the Year Ended June 30, 2011

Non-operating expense:	
Transfer of capital assets to governmental activities	$ (1,290,047)
Transfers to other funds	(3,465,304)
Change in net assets	(4,755,351)
Net assets, July 1, 2010	4,755,351
Net assets, June 30, 2011	$ -

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

CAFETERIA FUND

For the Year Ended June 30, 2011

Cash flows from operating activities:	
Cash received from food sales	$ 122,676
Cash received from Child Nutrition Programs	2,786,738
Cash paid for operating expenses	(326,922)
Net cash used in operating activities	2,582,492
Cash flows used in financing activities:	
Transfer of residual balances to governmental activities	(5,369,675)
Change in cash and cash equivalents	(2,787,183)
Cash and cash equivalents balance, July 1, 2010	2,787,183
Cash and cash equivalents balance, June 30, 2011	$ -
Reconciliation of operating income to net cash used in operating activities:	
Operating income	$ -
Adjustments to reconcile operating income to net cash used in operating activities:	
Decrease in:	
Receivables	2,909,414
Accounts payable	(326,922)
Total adjustments	2,582,492
Net cash used in operating activities	$ 2,582,492

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

TRUST AND AGENCY FUNDS

June 30, 2011

	Trust Funds			Agency Fund	
	Retiree Benefits Trust	Scholar-ship Trust	Trust Total	Student Body Funds	Total
ASSETS					
Cash and investments (Note 2):					
Cash in County Treasury	$10,360,766		$10,360,766		$10,360,766
Cash on hand and in banks		$ 215,628	215,628	$ 1,411,485	1,627,113
Receivables	4,405,142		4,405,142	28,915	4,434,057
Prepaid expenditures	400,000		400,000		400,000
Stores inventory				112,903	112,903
Capital assets				9,470	9,470
Total assets	15,165,908	215,628	15,381,536	1,562,773	16,944,309
LIABILITIES					
Accounts payable				109,156	109,156
Due to student groups				1,453,617	1,453,617
Total liabilities				1,562,773	1,562,773
NET ASSETS					
Nonspendable (Note 8)	400,000		400,000		400,000
Restricted (Note 8)	14,765,908	215,628	14,981,536		14,981,536
Total net assets	$15,165,908	$ 215,628	$15,381,536	$ -	$15,381,536

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

For the Year Ended June 30, 2011

	Retiree Benefits Trust	Scholarship Trust	Total
Revenues:			
Other local sources	$ 24,290,513	$ 172,746	$ 24,463,259
Expenditures:			
Contract services and operating expenditures	17,146,572	153,350	17,299,922
Change in net assets	7,143,941	19,396	7,163,337
Net assets, July 1, 2010	8,021,967	196,232	8,218,199
Net assets, June 30, 2011	$ 15,165,908	$ 215,628	$ 15,381,536

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

A - Manifestations of Oversight

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

B - Accounting for Fiscal Matters

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

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

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

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

C - Scope of Public Service and Financial Presentation

1. The Corporation was created for the sole purpose of financially assisting the District.

2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation facilities. When the Corporation's Certificates of Participation have been paid with state reimbursements and the District's developer fees, title of all Corporation property will pass to the District for no additional consideration.

3. The Corporation's financial activity is presented in the financial statements in the Building Fund. Certificates of Participation issued by the Corporation are included in the government-wide financial statements.

Basis of Presentation - Government-Wide Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three broad categories which, in aggregate, include eight fund types as follows:

A - Governmental Fund Types

1. General Fund:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

A - Governmental Fund Types (Continued)

2. Special Revenue Funds:

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

3. Capital Projects Funds:

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

4. Debt Service Funds:

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

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

B - Proprietary Funds

1. Self-Insurance Fund:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Proprietary Funds (Continued)

2. Cafeteria Fund:

The Cafeteria Fund is an enterprise fund which accounts for food service operations that are financed and operated in a manner similar to a private business enterprise with the objective of providing food services on a continuing basis with costs partially financed or recovered through user charges. This fund was closed during the year ended June 30, 2011.

C - Fiduciary Funds

1. Trust Funds:

Retiree Benefits Trust Fund:

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

Scholarship Trust Fund:

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

2. Agency Funds:

Student Body Funds:

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Modified Accrual

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

Budgets and Budgetary Accounting

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

Stores Inventory

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

Cafeteria Food Purchases

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

Capital Assets

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

Compensated Absences

Compensated absences totaling $7,808,187 are recorded as a liability of the District. The liability is for the earned but unused benefits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accumulated Sick Leave

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

Deferred Revenue

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

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, prepaid expenditures and stores inventory reflect the portions of net assets represented by revolving cash fund, prepaid expenditures and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues and state programs represent programs where the revenue received is restricted for expenditures only in that particular program. The restriction for special revenues represents the portion of net assets restricted for special purposes. The restriction for debt service repayments represents the portion of net assets which the District plans to expend on debt repayment in the ensuing year. The restriction for capital projects represents the portion of net assets restricted for capital projects. The restriction for self-insurance represents the portion of net assets restricted for paying insurance premiums. The restriction for retiree benefits represents the portion of net assets which will be used for payment of health insurance premiums for current and future retirees. The restriction for scholarships represents the portion of net assets to be used to provide financial assistance to students of the District.

Fund Balance Classifications

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

A - Nonspendable Fund Balance:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications (Continued)

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2011, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2011, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policy

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2011, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes

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

Encumbrances

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

Eliminations and Reclassifications

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

Estimates

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

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2011 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	$ 55,736,210	$ 7,052,478	$ 62,788,688	$ 10,360,766
Cash awaiting deposit	2,744,142	1,706	2,745,848	
Total pooled funds	58,480,352	7,054,184	65,534,536	10,360,766
Deposits:				
Cash on hand and in banks	782,968		782,968	1,627,113
Cash in revolving fund	227,000		227,000	
Total deposits	1,009,968		1,009,968	1,627,113
Investments:				
Cash with Fiscal Agent	12,063,637	250,000	12,313,637	
Deferred compensation	7,622,667		7,622,667	
Local Agency Investment Fund	898,674		898,674	
Total investments	20,584,978	250,000	20,834,978	
Total cash and investments	$ 80,075,298	$ 7,304,184	$ 87,379,482	$ 11,987,879

Pooled Funds

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

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

In accordance with applicable state laws, the Sacramento County Treasurer may invest in derivative securities. However, at June 30, 2011, the Sacramento County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

2. CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk - Deposits

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, interest-bearing cash balances held in banks are insured up to $250,000 and noninterest-bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2011, the carrying amount of the District's accounts was $2,637,081 and the bank balance was $2,864,911. $2,798,797 of the bank balance was FDIC insured and $66,114 remained uninsured.

Investments

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

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

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

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

2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2011, 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, 2011, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

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

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2011 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 9,732,779	$ 19,185,601
Building	15,796,436	1,794,165
Non-Major Funds:		
Charter School	1,776,749	1,620,837
Adult Education	1,618,830	2,748,021
Child Development	176,120	720,261
Cafeteria	212,582	78,377
Deferred Maintenance	983,878	1,019,602
Developer Fees	1,954,042	1,386,343
County School Facilities		572,374
Community Facilities	74,768	1,300,035
Proprietary Fund:		
Self-Insurance	20	1,900,588
Totals	$ 32,326,204	$ 32,326,204

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

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

Interfund transfers for the 2010-2011 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for principal apportionment.	$ 8,284,762
Transfer from the General Fund to the Child Development Fund for repayment.	1,606
Transfer from the General Fund to the Deferred Maintenance Fund for deferred maintenance projects.	1,111,524
Transfer from the Building Fund to the Deferred Maintenance Fund for deferred maintenance projects.	2,075,000
Transfer from the Charter Schools Fund to the General Fund for charter school fees and indirect support.	618,915
Transfer from the Adult Education Fund to the General Fund for direct and indirect support.	2,742,663
Transfer from the Child Development Fund to the General Fund for indirect support.	605,676
Transfer from the Cafeteria Fund to the General Fund for indirect support.	852,859
Transfer from the Deferred Maintenance Fund to the General Fund to provide operating support.	3,941,341
Transfer from the Deferred Maintenance Fund to the General Fund to fund priority school facility upgrades.	1,702,964
Transfer from the County School Facilities Fund to the Building Fund for State apportionments received.	572,374
Transfer from the Self-Insurance Fund to the General Fund to provide operating support.	1,900,000
Transfer from the Cafeteria Enterprise Fund to the Cafeteria Fund to close out enterprise activities.	3,465,304
	$ 27,874,988

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2011 is shown below:

	Balance July 1, 2010	Transfers and Additions	Transfers and Deductions	Balance June 30, 2011
Governmental Activities				
Non-depreciable:				
Land	$ 19,873,250			$ 19,873,250
Work-in-process	2,076,227	$ 5,171,711		7,247,938
Depreciable:				
Buildings	683,617,822	2,422,127		686,039,949
Site improvements	116,982,809	3,111,407		120,094,216
Equipment	25,971,495	1,498,128		27,469,623
Totals, at cost	848,521,603	12,203,373		860,724,976
Less accumulated depreciation:				
Buildings	(265,289,739)	(14,084,584)		(279,374,323)
Site improvements	(45,643,877)	(4,481,378)		(50,125,255)
Equipment	(24,532,281)	(600,437)		(25,132,718)
Total accumulated depreciation	(335,465,897)	(19,166,399)		(354,632,296)
Capital assets, net	$ 513,055,706	$ (6,963,026)	$ -	$ 506,092,680
Business-Type Activities				
Capital assets, net	$ 1,290,047	$ -	$ 1,290,047	$ -

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 17,651,981
Food services	164,675
All other pupil services	157,231
All other general administration	833,249
Plant services	152,036
Community services	207,227
Total depreciation expense	$ 19,166,399

The District transferred $1,290,047 of capital assets from the business-type activities to the governmental activities during the year ended June 30, 2011.

5. SELF-INSURANCE CLAIMS

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

The liability for unpaid claims and claim adjustment expenses represents the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. These claims will be paid in future years.

District management recomputes the liability annually using available updated claims data. Every three years, the District contracts with an actuary who performs an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The liability for workers compensation is based on an actuarial study dated September 20, 2011.

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

	June 30, 2011	June 30, 2010
Unpaid claim and claim adjustment expenses, beginning of year	$ 3,202,693	$ 3,672,115
Total incurred claims and claim adjustment expenses	9,292,478	8,955,740
Total payments	(9,698,015)	(9,425,162)
Total unpaid claims and claim adjustment expenses at end of year	$ 2,797,156	$ 3,202,693

6. TAX AND REVENUE ANTICIPATION NOTES PAYABLE

On May 5, 2011, the District issued $50,000,000 of Tax and Revenue Anticipation Notes (TRANs) maturing on November 2, 2011, with an interest rate of 2.25%, to provide for anticipated cash flow deficits from operations. The TRANs are a general obligation of the District and are payable from revenues and cash receipts generated by the District during the fiscal year ended June 30, 2012. As of June 30, 2011, the District is fully utilizing the cash from the TRANs and has recorded a liability of $50,000,000 in the basic financial statements.

7. LONG-TERM LIABILITIES

Special Tax Bonds

Series	Interest Rate	Balance July 1, 2010	Current Year Proceeds	Current Year Maturities	Balance June 30, 2011
1997 C	3.7% to 5.5%	$ 2,400,000	$ -	$ 570,000	$ 1,830,000

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

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

Year Ending June 30,	Principal	Interest	Total
2012	$ 600,000	$ 83,215	$ 683,215
2013	635,000	49,807	684,807
2014	595,000	16,363	611,363
	$ 1,830,000	$ 149,385	$ 1,979,385

General Obligation Bonds

Refunding Bonds, Series 2001:

On October 12, 2001, the District issued General Obligation Refunding Bonds, Series 2001, totaling $52,310,000. Bond proceeds were used to refund a portion of the Districts 1999 Series A. Repayment of the Bonds is made from special parcel tax revenues levied in connection with this bond issue. The bonds bear interest at rates ranging from 2.2% to 5.0% and are scheduled to mature through 2030 as follows:

Year Ending June 30,	Principal	Interest	Total
2012		$ 241,181	$ 241,181
2013		482,362	482,362
2014		482,362	482,362
2015		482,362	482,362
2016		482,362	482,362
2017-2021		2,411,810	2,411,810
2022-2026		2,411,810	2,411,810
2027-2030	$ 10,155,000	1,220,869	11,375,869
	$ 10,155,000	$ 8,215,118	$ 18,370,118

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series B:

On March 27, 2001, the District issued 1999 General Obligation Bonds, Series B, totaling $45,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 4.0% to 5.0% and are scheduled to mature through 2031 as follows:

Year Ending June 30,	Principal	Interest	Total
2012		$ 138,125	$ 138,125
2013		276,250	276,250
2014		276,250	276,250
2015		276,250	276,250
2016		276,250	276,250
2017-2021		1,381,250	1,381,250
2022-2026		1,381,250	1,381,250
2027-2031	$ 5,525,000	1,108,375	6,633,375
	$ 5,525,000	$ 5,114,000	$ 10,639,000

Series C:

On May 7, 2002, the District issued 1999 General Obligation Bonds, Series C, totaling $45,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 4.0% to 5.0% and are scheduled to mature through 2032 as follows:

Year Ending June 30,	Principal	Interest	Total
2012		$ 423,250	$ 423,250
2013		846,500	846,500
2014		846,500	846,500
2015		846,500	846,500
2016		846,500	846,500
2017-2021		4,232,500	4,232,500
2022-2026		4,232,500	4,232,500
2027-2031	$ 7,520,000	3,776,900	11,296,900
2032	9,040,000	231,650	9,271,650
	$ 16,560,000	$ 16,282,800	$ 32,842,800

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series D:

On August 1, 2004, the District issued 1999 General Obligation Bonds, Series D, totaling $55,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 2.5% to 5.125% and are scheduled to mature through 2029 as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,225,000	$ 2,395,144	$ 3,620,144
2013	1,345,000	2,346,144	3,691,144
2014	1,470,000	2,292,344	3,762,344
2015	1,605,000	2,233,544	3,838,544
2016	1,750,000	2,169,344	3,919,344
2017-2021	11,270,000	9,523,956	20,793,956
2022-2026	16,870,000	6,088,350	22,958,350
2027-2029	13,505,000	1,400,075	14,905,075
	$ 49,040,000	$ 28,448,901	$ 77,488,901

Series A:

On March 1, 2003, the District issued 2002 General Obligation Bonds, Series A, totaling $80,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 4.0% to 5.0% and are scheduled to mature through 2027 as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 2,005,000	$ 1,887,950	$ 3,892,950
2013	2,000,000	1,807,750	3,807,750
2014	2,780,000	1,727,750	4,507,750
2015	3,010,000	1,616,550	4,626,550
2016	3,245,000	1,496,150	4,741,150
2017-2021	21,590,000	5,184,731	26,774,731
2022-2026	9,820,000	1,072,750	10,892,750
2027	55,000	2,750	57,750
	$ 44,505,000	$ 14,796,381	$ 59,301,381

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2005:

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

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,125,000	$ 3,671,500	$ 4,796,500
2013	1,330,000	3,615,250	4,945,250
2014	1,540,000	3,548,750	5,088,750
2015	1,770,000	3,471,750	5,241,750
2016	2,020,000	3,383,250	5,403,250
2017-2021	14,405,000	15,126,250	29,531,250
2022-2026	23,565,000	10,667,000	34,232,000
2027-2030	27,675,000	3,600,250	31,275,250
	$ 73,430,000	$ 47,084,000	$120,514,000

Series 2007:

On November 14, 2007, the District issued 2002 General Obligation Bonds, Series 2007, totaling $64,997,966. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 3.5% to 5.0% and are scheduled to mature through 2033 as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 1,460,000	$ 1,165,956	$ 2,625,956
2013	1,690,000	1,092,956	2,782,956
2014	1,700,000	1,033,806	2,733,806
2015	1,880,000	965,806	2,845,806
2016	2,095,000	871,806	2,966,806
2017-2021	13,750,000	2,701,892	16,451,892
2022-2026	13,560,278	11,816,160	25,376,438
2027-2031	13,105,239	23,004,760	36,109,999
2032-2033	3,102,449	6,757,551	9,860,000
	$ 52,342,966	$ 49,410,693	$101,753,659

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2011 Refunding:

On June 9, 2011, the District issued 2011 General Obligation Refunding Bonds totaling $79,585,000. Bond proceeds were used to refund a portion of the District's 1999 Series B, 1999 Series C, and General Obligation Refunding Bonds, Series 2001. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 3.0% to 5.5% and are scheduled to mature through 2030 as follows:

Year Ending June 30,	Principal	Interest	Total
2012		$ 1,807,213	$ 1,807,213
2013	$ 3,685,000	3,586,166	7,271,166
2014	3,710,000	3,522,225	7,232,225
2015	3,820,000	3,390,175	7,210,175
2016	3,965,000	3,214,650	7,179,650
2017-2021	22,470,000	13,396,450	35,866,450
2022-2026	28,295,000	7,335,750	35,630,750
2027-2030	13,640,000	1,118,738	14,758,738
	$ 79,585,000	$ 37,371,367	$116,956,367

Certificates of Participation (COPs)

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

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

7. LONG-TERM LIABILITIES (Continued)

Certificates of Participation (COPs) (Continued)

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

Scheduled payments for the COPs are as follows:

Year Ending June 30,	COPs Payments
2012	$ 3,036,795
2013	3,055,895
2014	3,071,175
2015	3,083,075
2016	3,101,495
2017-2021	15,832,325
2022-2026	17,528,750
2027-2031	22,065,000
Thereafter	33,025,000
Total payments	103,799,510
Less amount representing interest	(20,914,510)
Net present value of minimum payments	$ 82,885,000

Capitalized Lease Obligations

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

Year Ending June 30,	Lease Payments
2012	$ 16,696
2013	16,696
2014	16,696
2015	2,553
Total payments	52,641
Less amount representing interest	(3,206)
Net minimum lease payments	$ 49,435

7. LONG-TERM LIABILITIES (Continued)

PARS 403(b) Supplementary Retirement Plan

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

Year Ending June 30,	PARS Payments
2012	$ 3,708,721
2013	3,708,720
2014	1,042,493
Total payments	$ 8,459,934

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2011 is shown below:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year
Governmental activities:					
Special Tax Bonds	$ 2,400,000		$ 570,000	$ 1,830,000	$ 600,000
General Obligation Bonds	350,082,966	$ 79,585,000	98,525,000	331,142,966	9,500,000
Premium on issuance		7,942,298		7,942,298	441,239
Accreted interest	3,367,973	1,391,172		4,759,145	
Certificates of Participation	83,105,000	48,020,000	48,240,000	82,885,000	1,330,000
Capitalized lease obligations	89,232	15,977	55,774	49,435	15,140
PARS 403(b)	12,168,655		3,708,721	8,459,934	3,708,721
Net OPEB liability (Note 10)	91,761,722	43,610,327	24,238,798	111,133,251	22,407,000
Compensated absences	8,097,284		289,097	7,808,187	7,808,187
	$ 551,072,832	$ 180,564,774	$ 175,627,390	$ 556,010,216	$ 45,810,287

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

8. NET ASSETS / FUND BALANCES

Restricted net assets consisted of the following at June 30, 2011:

	Governmental Activities	Fiduciary Funds
Restricted for revolving cash	$ 227,000	
Restricted for prepaid expenditures	2,923,133	$ 400,000
Restricted for stores inventory	461,681	
Restricted for unspent categorical program revenues and state programs	10,781,724	
Restricted for special revenues	11,879,174	
Restricted for debt service	8,993,430	
Restricted for capital projects	52,460,985	
Restricted for self insurance	5,229,485	
Restricted for retiree benefits		14,765,908
Restricted for scholarships		215,628
Total restricted net assets	$ 92,956,612	$ 15,381,536

Fund balances, by category, at June 30, 2011 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	$ 225,000		$ 2,000	$ 227,000
Prepaid expenses	26,601			26,601
Stores inventory	130,123		331,558	461,681
Subtotal nonspendable	381,724		333,558	715,282
Restricted:				
Special revenues, capital projects and debt service		$ 48,738,556	37,557,344	86,295,900
Unspent categorical revenues	10,781,724			10,781,724
Subtotal restricted	10,781,724	48,738,556	37,557,344	97,077,624
Assigned:				
Board assignments	14,646,976			14,646,976
Unassigned:				
Designated for economic uncertainty	8,589,000			8,589,000
Total fund balances	$ 34,399,424	$ 48,738,556	$ 37,890,902	$121,028,882

9. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010-2011 was 10.707% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2009, 2010 and 2011 were $6,332,705, $5,986,328 and $6,411,937, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

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

9. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2010-2011 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2009, 2010 and 2011 were $16,104,807, $15,346,148 and $15,323,790, respectively, and equal 100% of the required contributions for each year.

10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

Sacramento City Unified School District's Retired Employees Healthcare Plan (REHP), is a single-employer defined benefit healthcare plan administered by the Sacramento City Unified School District. REHP provides medical insurance benefits to eligible retirees. Benefits are a negotiated component of each bargaining unit agreement. Currently, eligible retirees receive health care benefits that are paid 100% by the District. District teachers qualify for these benefits after attaining age 55 with at least ten years of consecutive service to the District. Other District employees qualify for benefits after attaining age 50 and meeting the requirements outlined in their respective bargaining agreements.

Funding Policy

The contribution requirements of the District are established and may be amended by the Board of Education. The required contribution is based in projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board. For fiscal year ended June 30, 2011, the District contributed $24.2 million to the plan. As of June 30, 2011, the Board assigned an additional $1 million of unrestricted General Fund dollars to fund the liability.

10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 43,615,798
Interest on net OPEB obligation	4,129,277
Adjustment to annual required contribution	(4,134,748)
Annual OPEB cost (expense)	43,610,327
Contributions made	(24,238,798)
Increase in net OPEB obligation	19,371,529
Net OPEB obligation - beginning of year	91,761,722
Net OPEB obligation - end of year	$111,133,251

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 50,295,381	34.6%	$ 66,186,442
June 30, 2010	$ 44,061,864	42.0%	$ 91,761,722
June 30, 2011	$ 43,610,327	55.6%	$111,133,251

Funded Status and Funding Progress

As of December 1, 2010 the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $566.3 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $566.3 million. For fiscal year ending June 30, 2011, the covered payroll (annual payroll of active employees covered by the plan) was $227.5 million, and the ratio of the UAAL to the covered payroll was 249 percent. The OPEB plan is currently operated as a pay-as-you-go plan.

10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

In the December 1, 2010, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after eight years and a discount rate of 4.5 percent. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2011, was 26 years.

11. JOINT POWERS AGREEMENTS

Schools Insurance Authority

The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The following is a summary of financial information for SIA at June 30, 2011:

Total assets	$ 103,081,563
Total liabilities	$ 44,227,541
Total net assets	$ 58,854,022
Total revenues	$ 39,542,520
Total expenses	$ 39,989,429
Change in net assets	$ (446,909)

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.

11. JOINT POWERS AGREEMENTS (Continued)

Self-Insured Schools of California

The District is a member with other school districts of a Joint Powers Authority, Self-Insured Schools of California (SISC). SISC provides a means of combining the administration of claims and obtains lower insurance rates for the benefit of public schools, colleges or other educational agencies. The following is a summary of financial information for SISC at September 30, 2010:

Total assets	$ 251,295,365
Total liabilities	$ 98,032,970
Total net assets	$ 153,262,395
Total revenues	$1,007,164,422
Total expenses	$1,044,275,890
Change in net assets	$ (37,111,468)

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

12. CALIFORNIA ADMINISTRATIVE SERVICES AUTHORITY (CASA)

Formation of CASA and Pension System

In June 2000, the District entered into a joint exercise of powers agreement with the Yolo County Office of Education to form the California Administrative Services Authority (CASA), a California "joint powers authority", in order to provide administrative services to its members and to offer an alternative retirement system to replace CalPERS and Social Security for certain electing District classified personnel. In order to participate in the CASA retirement system, District employees took a leave of absence from the District to become employed by CASA, and were contracted back to the District to work in their old positions and functions. So long as a public employer offers an acceptable alternative to, and does not participate in, CalPERS and Social Security, neither the employer not its employees are required to contribute to those systems. By recapturing the Social Security contributions, CASA expected to be able to afford enhanced retirement benefits compared to CalPERs, and thus to attract and retain highly qualified staff for the District.

On April 1, 2004, the Board of Trustees of the District (the "Board") notified CASA that it intended to terminate the District's Operating Agreement under which CASA provided staff services to the District, effectively returning those employees to District employment as of July 1, 2004. (The Yolo County Office of Education took similar action in April 2004). The District no longer has any employees working for or through CASA.

12. CALIFORNIA ADMINISTRATIVE SERVICES AUTHORITY (CASA) (Continued)

Investigation of CASA and Potential District Liability

On December 16, 2003, MGT issued its report regarding the District's potential exposure as a result of its participation in CASA. In addition to the amount requested by CalPERS, MGT identified that the District could owe up to $2.5 million to the State Department of Education to refund unearned "PERS Reduction" income received on account of District employees transferred to CASA employment, and $3.2 million to the Social Security Administration in unpaid employer and employee contributions.

Since July 1, 2004, the District has resumed making ordinary contributions to CalPERS and Social Security for its former CASA employees. In a settlement agreement with CalPERS reached in January 2007, the District has also agreed to retroactively enroll former CASA employees into CalPERS for the time they were employed by CASA. The retroactive adjustments have been completed and payment to CalPERS for the additional service credit has been made.

Meanwhile, the District is also making full payments to the trustee of the CASA bonds in order to ensure timely payment of the CASA bond obligations. The remaining principal from the CASA bond issuance has been released by the Superior Court to the custody of the District. These funds are now in compliance with the terms of the indenture of trust applicable to the issuance of the bonds and the loan agreement between the District and CASA.

The Administrative proceeding between the District and CalPERS was dismissed as part of the January 2007 settlement agreement. The litigation in the Superior Court has been dismissed pursuant to the terms of a court approved settlement. The District is currently winding up the final affairs of CASA and expects to have all liabilities under the settlement of the litigation paid by the end of January 2012.

13. 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.

14. FINANCIAL RESPONSIBILITY

For the 2011-12 fiscal year, Sacramento City Unified School District will be adversely impacted by potential mid-year trigger reductions and will need to access reserves and make subsequent budget reductions in 2012-13. The District will face challenges given that districts cannot impose teacher layoffs midyear and negotiating additional furlough days will be difficult. However, as in previous years, the District will take the necessary steps to ensure a balanced budget for the current fiscal year as well as future years. Despite the fluctuations at the state level with funding and cash deferrals, the District continues to monitor and will budget for the current and future years to ensure financial stability.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2011

	Budget			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Revenue limit sources:				
State apportionment	$ 150,386,752	$ 164,535,088	$ 165,947,805	$ 1,412,717
Local sources	61,580,640	56,307,287	56,618,816	311,529
Total revenue limit	211,967,392	220,842,375	222,566,621	1,724,246
Federal sources	39,291,289	85,967,126	72,051,245	(13,915,881)
Other state sources	101,521,333	110,414,991	109,156,582	(1,258,409)
Other local sources	4,321,853	9,346,151	9,136,901	(209,250)
Total revenues	357,101,867	426,570,643	412,911,349	(13,659,294)
Expenditures:				
Certificated salaries	151,414,075	178,611,671	175,556,153	3,055,518
Classified salaries	45,978,390	52,406,714	52,390,166	16,548
Employee benefits	91,433,258	103,023,710	102,090,242	933,468
Books and supplies	9,456,545	28,847,210	16,484,359	12,362,851
Contract services and operating expenditures	39,004,017	62,126,181	56,372,037	5,754,144
Capital outlay	236,890	2,678,253	2,358,049	320,204
Other outgo			27,684	(27,684)
Debt service:				
Principal retirement	2,625,000	1,634,758	575,774	1,058,984
Interest		1,000,000	555	999,445
Total expenditures	340,148,175	430,328,497	405,855,019	24,473,478
Excess (deficiency) of revenues over (under) expenditures	16,953,692	(3,757,854)	7,056,330	10,814,184
Other financing sources (uses):				
Operating transfers in	7,792,533	12,653,215	12,364,418	(288,797)
Operating transfers out	(8,545,136)	(10,578,942)	(9,397,892)	1,181,050
Proceeds from the issuance of long-term liabilities			15,977	15,977
Total other financing sources (uses)	(752,603)	2,074,273	2,982,503	908,230
Change in fund balance	16,201,089	(1,683,581)	10,038,833	11,722,414
Fund balance, July 1, 2010	24,360,591	24,360,591	24,360,591	
Fund balance, June 30, 2011	$ 40,561,680	$ 22,677,010	$ 34,399,424	$ 11,722,414

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2011

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2008	December 1, 2006	$ -	$ 505,700,000	$ 505,700,000	0%	$ 242,700,000	208.4%
6/30/2009	December 1, 2006	$ -	$ 505,700,000	$ 505,700,000	0%	$ 255,900,000	197.6%
6/30/2010	December 1, 2008	$ -	$ 552,400,000	$ 552,400,000	0%	$ 227,100,000	243.2%
6/30/2011	December 1, 2010	$ -	$ 566,291,438	$ 566,291,438	0%	$ 227,500,000	248.9%

The accompanying notes are an integral
part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Other Postemployment Benefits Funding Progress

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

SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2011

	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Bond Interest and Redemption Fund	South Pocket Facilities Fund	Tax Override Fund	Total
ASSETS												
Cash in County Treasury	$ (1,939,264)	$ 1,251,975	$ (2,152,064)	$ (173,543)	$ 974,344	$ 3,366,123	$ 572,374	$ 10,603,786	$ 8,707,114		$ 163,757	$ 21,374,602
Cash in banks				782,968								782,968
Cash in revolving account				2,000								2,000
Cash awaiting deposit	6,671	1,972,130	409,694	24,922		98,856						2,512,273
Cash with Fiscal Agent										$ 3,266,594		3,266,594
Receivables	3,398,425	658,917	6,700,491	3,176,654		1,328		8,596	134,903			14,079,314
Due from other funds	1,776,749	1,618,830	176,120	212,582	983,878	1,954,042		74,768				6,796,969
Stores inventory				331,558								331,558
Total assets	$ 3,242,581	$ 5,501,852	$ 5,134,241	$ 4,357,141	$ 1,958,222	$ 5,420,349	$ 572,374	$ 10,687,150	$ 8,842,017	$ 3,266,594	$ 163,757	$ 49,146,278
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	$ 284,354	$ 310,686	$ 579,488	$ 173,156	$ 49,894	$ 2,975			$ 11,687			$ 1,412,240
Deferred revenue	394,983	1,646							657			397,286
Due to other funds	1,620,837	2,748,021	720,261	78,377	1,019,602	1,386,343	$ 572,374	$ 1,300,035				9,445,850
Total liabilities	2,300,174	3,060,353	1,299,749	251,533	1,069,496	1,389,318	572,374	1,300,035	12,344			11,255,376
Fund balances:												
Nonspendable				333,558								333,558
Assigned	942,407	2,441,499	3,834,492	3,772,050	888,726	4,031,031		9,387,115	8,829,673	$ 3,266,594	$ 163,757	37,557,344
Total fund balances	942,407	2,441,499	3,834,492	4,105,608	888,726	4,031,031		9,387,115	8,829,673	3,266,594	163,757	37,890,902
Total liabilities and fund balances	$ 3,242,581	$ 5,501,852	$ 5,134,241	$ 4,357,141	$ 1,958,222	$ 5,420,349	$ 572,374	$ 10,687,150	$ 8,842,017	$ 3,266,594	$ 163,757	$ 49,146,278

The accompanying notes are an integral part of these financial statements.

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, 2011

	Charter School Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Bond Interest and Redemption Fund	South Pocket Facilities Fund	Tax Override Fund	Total
Revenues:												
Revenue limit sources:												
State apportionment	$ 8,405,450											$ 8,405,450
Federal sources	552,399	$ 4,534,459	$ 10,921,737	$ 15,237,482								31,246,077
Other state sources	1,724,891	169,752	7,611,461	1,257,990			$ 572,374		$ 362,470			11,698,938
Other local sources	299,927	3,367,482	2,206,357	1,654,071	$ 270,244	$ 1,354,152		$ 1,247,104	25,867,787	$ 902,054		37,169,178
Total revenues	10,982,667	8,071,693	20,739,555	18,149,543	270,244	1,354,152	572,374	1,247,104	26,230,257	902,054		88,519,643
Expenditures:												
Certificated salaries	5,072,204	4,412,703	6,248,055									15,732,962
Classified salaries	792,844	2,298,233	4,864,407	6,332,072	80,134							14,367,690
Employee benefits	2,726,473	3,096,790	6,608,323	3,303,647	31,575							15,766,808
Books and supplies	424,973	729,704	1,088,992	6,896,919	416,690			4,647				9,561,925
Contract services and operating expenditures	769,545	3,260,942	490,372	(93,631)	6,229	235,044		7,424				4,675,925
Capital outlay	57,844	11,661	304,641	217,373	8,939	806,680		325,074				1,732,212
Other outgo									1,904			1,904
Debt service:												
Principal retirement						520,000			12,270,000	570,000		13,360,000
Interest						450,960		1,300,035	15,458,828	114,520		17,324,343
Total expenditures	9,843,883	13,810,033	19,604,790	16,656,380	543,567	2,012,684		1,637,180	27,730,732	684,520		92,523,769
Excess (deficiency) of revenues over (under) expenditures	1,138,784	(5,738,340)	1,134,765	1,493,163	(273,323)	(658,532)	572,374	(390,076)	(1,500,475)	217,534		(4,004,126)
Other financing sources (uses):												
Operating transfers in		8,284,762	1,606	3,465,304	3,186,524							14,938,196
Operating transfers out	(618,915)	(2,742,663)	(605,676)	(852,859)	(5,644,305)		(572,374)					(11,036,792)
Total other financing sources (uses)	(618,915)	5,542,099	(604,070)	2,612,445	(2,457,781)		(572,374)					3,901,404
Net change in fund balances	519,869	(196,241)	530,695	4,105,608	(2,731,104)	(658,532)		(390,076)	(1,500,475)	217,534		(102,722)
Fund balances, July 1, 2010	422,538	2,637,740	3,303,797		3,619,830	4,689,563		9,777,191	10,330,148	3,049,060	$ 163,757	37,993,624
Fund balances, June 30, 2011	$ 942,407	$ 2,441,499	$ 3,834,492	$ 4,105,608	$ 888,726	$ 4,031,031	$ -	$ 9,387,115	$ 8,829,673	$ 3,266,594	$ 163,757	$ 37,890,902

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Student Body Funds				
C.K. McClatchy High School				
Assets:				
Cash on hand and in banks	$ 330,748	$ 290,035	$ 347,677	$ 273,106
Receivables				
Stores inventory				
Capital assets				
Total assets	$ 330,748	$ 290,035	$ 347,677	$ 273,106
Liabilities:				
Accounts payable				
Due to student groups	$ 330,748	$ 290,035	$ 347,677	$ 273,106
Total liabilities	$ 330,748	$ 290,035	$ 347,677	$ 273,106
Hiram Johnson High School				
Assets:				
Cash on hand and in banks	$ 36,848	$ 149,051	$ 137,388	$ 48,511
Receivables				
Stores inventory	3,500			3,500
Capital assets	9,470			9,470
Total assets	$ 49,818	$ 149,051	$ 137,388	$ 61,481
Liabilities:				
Accounts payable				
Due to student groups	$ 49,818	$ 149,051	$ 137,388	$ 61,481
Total liabilities	$ 49,818	$ 149,051	$ 137,388	$ 61,481

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Student Body Funds				
Luther Burbank High School				
Assets:				
Cash on hand and in banks	$ 142,878	$ 185,248	$ 204,424	$ 123,702
Receivables				
Stores inventory	345		42	303
Capital assets				
Total assets	$ 143,223	$ 185,248	$ 204,466	$ 124,005
Liabilities:				
Accounts payable	$ 29,279	$ 13,248	$ 13,588	$ 28,939
Due to student groups	113,944	172,000	190,878	95,066
Total liabilities	$ 143,223	$ 185,248	$ 204,466	$ 124,005
John F. Kennedy High School				
Assets:				
Cash on hand and in banks	$ 172,376	$ 411,291	$ 412,088	$ 171,579
Receivables	(1,174)	1,666		492
Stores inventory				
Capital assets				
Total assets	$ 171,202	$ 412,957	$ 412,088	$ 172,071
Liabilities:				
Accounts payable	$ 19,388	$ 43,389	$ 36,498	$ 26,279
Due to student groups	151,814	369,568	375,590	145,792
Total liabilities	$ 171,202	$ 412,957	$ 412,088	$ 172,071

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Student Body Funds (Continued)				
Rosemont High School				
Assets:				
Cash on hand and in banks	$ 133,488	$ 316,411	$ 371,299	$ 78,600
Receivables				
Stores inventory				
Capital assets				
Total assets	$ 133,488	$ 316,411	$ 371,299	$ 78,600
Liabilities:				
Accounts payable				
Due to student groups	$ 133,488	$ 316,411	$ 371,299	$ 78,600
Total liabilities	$ 133,488	$ 316,411	$ 371,299	$ 78,600
Hiram Johnson West Campus				
Assets:				
Cash on hand and in banks	$ 92,466	$ 293,254	$ 267,403	$ 118,317
Receivables				
Stores inventory				
Capital assets				
Total assets	$ 92,466	$ 293,254	$ 267,403	$ 118,317
Liabilities:				
Accounts payable				
Due to student groups	$ 92,466	$ 293,254	$ 267,403	$ 118,317
Total liabilities	$ 92,466	$ 293,254	$ 267,403	$ 118,317

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Student Body Funds (Continued)				
Charles A. Jones Skills and Education Center				
Assets:				
Cash on hand and in banks	$ 117,823	$ 12,906	$ 102,249	$ 28,480
Receivables	28,423			28,423
Stores inventory	109,100			109,100
Capital assets				
Total assets	$ 255,346	$ 12,906	$ 102,249	$ 166,003
Liabilities:				
Accounts payable	$ 53,938			$ 53,938
Due to student groups	201,408	$ 12,906	$ 102,249	112,065
Total liabilities	$ 255,346	$ 12,906	$ 102,249	$ 166,003
Fremont School for Adults				
Assets:				
Cash on hand and in banks	$ 1,285	$ 1,556	$ 1,273	$ 1,568
Receivables				
Stores inventory				
Capital assets				
Total assets	$ 1,285	$ 1,556	$ 1,273	$ 1,568
Liabilities:				
Accounts payable				
Due to student groups	$ 1,285	$ 1,556	$ 1,273	$ 1,568
Total liabilities	$ 1,285	$ 1,556	$ 1,273	$ 1,568

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Student Body Funds (Continued)				
A. Warren McClaskey Adult Center				
Assets:				
Cash on hand and in banks	$ 23,036	$ 22,383	$ 18,405	$ 27,014
Receivables				
Stores inventory				
Capital assets				
Total assets	$ 23,036	$ 22,383	$ 18,405	$ 27,014
Liabilities:				
Accounts payable				
Due to student groups	$ 23,036	$ 22,383	$ 18,405	$ 27,014
Total liabilities	$ 23,036	$ 22,383	$ 18,405	$ 27,014
Old Marshall				
Assets:				
Cash on hand and in banks	$ 16,692	$ 321	$ 5,574	$ 11,439
Receivables				
Stores inventory				
Capital assets				
Total assets	$ 16,692	$ 321	$ 5,574	$ 11,439
Liabilities:				
Accounts payable				
Due to student groups	$ 16,692	$ 321	$ 5,574	$ 11,439
Total liabilities	$ 16,692	$ 321	$ 5,574	$ 11,439

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Student Body Funds (Continued)				
Elementary and Middle Schools				
Assets:				
Cash on hand and in banks	$ 462,368	$ 1,244,813	$ 1,178,012	$ 529,169
Receivables				
Stores inventory				
Capital assets				
Total assets	$ 462,368	$ 1,244,813	$ 1,178,012	$ 529,169
Liabilities:				
Accounts payable				
Due to student groups	462,368	1,244,813	1,178,012	529,169
Total liabilities	$ 462,368	$ 1,244,813	$ 1,178,012	$ 529,169
Total Agency Funds				
Assets:				
Cash on hand and in banks	$ 1,530,008	$ 2,927,269	$ 3,045,792	$ 1,411,485
Receivables	27,249	1,666		28,915
Stores inventory	112,945		42	112,903
Capital assets	9,470			9,470
Total assets	$ 1,679,672	$ 2,928,935	$ 3,045,834	$ 1,562,773
Liabilities:				
Accounts payable	$ 102,605	$ 56,637	$ 50,086	$ 109,156
Due to student groups	1,577,067	2,872,298	2,995,748	1,453,617
Total liabilities	$ 1,679,672	$ 2,928,935	$ 3,045,834	$ 1,562,773

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2011

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

GOVERNING BOARD

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

ADMINISTRATION

Jonathan P. Raymond
Superintendent

Mary Shelton
Chief Academic Officer

Olivine Roberts, Ed.D.
Chief Accountability Officer

Jess Serna
Chief Human Resource Officer

Koua Franz
Chief Family and Community Engagement Officer

Patricia Hagemeyer
Chief Business Officer

Gabe Ross
Chief Communications Officer

Teresa Cummings, Ph.D.
Chief of Staff

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2011

	Second Period Report	Annual Report
District		
Elementary:		
Kindergarten	3,420	3,410
First through Third	10,002	9,981
Fourth through Eighth	15,347	15,293
Home and Hospital	23	22
Special Education	1,283	1,304
Community Day School	23	31
Total Elementary	30,098	30,041
Secondary:		
Regular Classes	10,518	10,371
Special Education	622	676
Compulsory Continuation Education	257	240
Home and Hospital	20	19
Total Secondary	11,417	11,306
District ADA Totals	41,515	41,347
Charter Schools		
Bowling Green Elementary - Classroom-Based:		
Kindergarten	237	224
First through Third	240	243
Fourth through Sixth	240	243
Total Bowling Green Elementary Charter	717	710
George Washington Carver School of Arts and Science - Classroom-Based:		
Ninth through Twelfth	213	209
New Technology High - Classroom-Based:		
Ninth through Twelfth	289	284
The MET - Non-Classroom-Based:		
Ninth through Twelfth	247	246
Total Charter Schools	1,466	1,449

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2011

Grade Level	Statutory 1986-87 Minutes Require-ment	Reduced 1986-87 Minutes Require-ment	Statutory 1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes	2010-11 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
District								
Kindergarten	36,000	35,000	35,094	34,119	35,800	179	N/A	In Compliance
Grade 1	50,400	49,000	44,137	42,911	50,035	179	N/A	In Compliance
Grade 2	50,400	49,000	44,137	42,911	50,035	179	N/A	In Compliance
Grade 3	50,400	49,000	44,137	42,911	50,035	179	N/A	In Compliance
Grade 4	54,000	52,500	52,875	51,406	53,405	179	N/A	In Compliance
Grade 5	54,000	52,500	52,875	51,406	53,405	179	N/A	In Compliance
Grade 6	54,000	52,500	52,875	51,406	53,405	179	N/A	In Compliance
Grade 7	54,000	52,500	58,163	56,547	57,033	179	N/A	In Compliance
Grade 8	54,000	52,500	58,163	56,547	57,033	179	N/A	In Compliance
Grade 9	64,800	63,000	60,549	58,867	64,679	179	N/A	In Compliance
Grade 10	64,800	63,000	60,549	58,867	64,679	179	N/A	In Compliance
Grade 11	64,800	63,000	60,549	58,867	64,679	179	N/A	In Compliance
Grade 12	64,800	63,000	60,549	58,867	64,679	179	N/A	In Compliance
Bowling Green Charter School - Classroom Based								
Kindergarten	36,000	35,000	N/A	N/A	35,800	179	N/A	In Compliance
Grade 1	50,400	49,000	N/A	N/A	50,315	179	N/A	In Compliance
Grade 2	50,400	49,000	N/A	N/A	50,315	179	N/A	In Compliance
Grade 3	50,400	49,000	N/A	N/A	50,315	179	N/A	In Compliance
Grade 4	54,000	52,500	N/A	N/A	53,699	179	N/A	In Compliance
Grade 5	54,000	52,500	N/A	N/A	53,699	179	N/A	In Compliance
Grade 6	54,000	52,500	N/A	N/A	53,699	179	N/A	In Compliance
George Washington Carver School of Arts and Science - Classroom Based								
Grade 9	64,800	63,000	N/A	N/A	64,970	179	N/A	In Compliance
Grade 10	64,800	63,000	N/A	N/A	64,970	179	N/A	In Compliance
Grade 11	64,800	63,000	N/A	N/A	64,970	179	N/A	In Compliance
Grade 12	64,800	63,000	N/A	N/A	64,970	179	N/A	In Compliance
Sacramento New Technology High School - Classroom Based								
Grade 9	64,800	63,000	N/A	N/A	70,775	179	N/A	In Compliance
Grade 10	64,800	63,000	N/A	N/A	70,775	179	N/A	In Compliance
Grade 11	64,800	63,000	N/A	N/A	70,775	179	N/A	In Compliance
Grade 12	64,800	63,000	N/A	N/A	70,775	179	N/A	In Compliance

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

For the Year Ended June 30, 2011

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	Special Education IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611 (Formerly 94-142)	13379	$ 8,984,832
84.173	Special Education: IDEA Preschool Grants, Part B, Section 619	13430	271,115
84.027A	Special Education IDEA: Preschool Local Entitlement, Part B, Sec 611 (Age 3-5)	13682	421,966
84.027	Special Education: Alternative Dispute Resolution, Part B, Sec 611	13007	15,000
84.391	Special Education: ARRA IDEA, Part B, Sec 611, Basic Local Assistance	15003	2,981,893
84.392	Special Education: ARRA IDEA, Part B, Sec 619, Preschool Grants	15000	125,730
	Subtotal Special Education Cluster		12,800,536
	NCLB: Title I Cluster:		
84.010	NCLB: Title I, Part D, Local Delinquent Program	14357	163,903
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	22,194,678
84.010	NCLB: Title I, Part D, Subpart 2, Local Delinquent Program	14357	91,980
84.389	NCLB: ARRA Title I, School Improvement Grant (SIG) for QEIA Schools	15004	881,613
84.389	NCLB: ARRA Title I, Part A, Basic Grants Low Income and Neglected	15005	9,186,602
84.389	NCLB: ARRA Title I, Part D, Local Delinquent Programs	15009	122,118
	Subtotal NCLB: Title I Cluster		32,640,894
	Educational Technology State Grants Cluster:		
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	14334	424
84.386	NCLB: ARRA Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	15019	375,288
	Subtotal Educational Technology State Grants Cluster		375,712

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

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)			
84.357	NCLB: Title I, Part B, Reading First Program-LEA subgrant	14328	$ 85,300
85.158	Workability II, Transitions Partnership	10006	74,991
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.365	NCLB: Title III, Limited English Proficiency (LEP)	14346	21,017
84.365	NCLB: Title III, Immigrant Education Program	15146	699,492
84.002A	Adult Education: Adult Basic Education & ESL	14508	1,003,814
84.002A	Adult Education: Adult Secondary Education	13978	62,540
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	237,841
84.048	Vocational Programs Postsecondary and Adult II C, Sec. 132 (Carl Perkins Act)	14893	110,346
84.048	Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	14894	426,490
84.060	Indian Education	10011	98,893
84.063	Pell Grants	*	2,175,243
84.186	NCLB: Title IV, Safe and Drug Free Schools and Communities, Formula Grants	14347	3,139
84.196A	NCLB: Title X, Mckinney-Vento Homeless Children Assistance Grants	14332	41,848
84.215L	Smaller Learning Community	*	1,330,450
84.287	NCLB: Title IV, Part B, 21st Century Community Learning Centers Program	14535, 14349	1,530,254
84.330	NCLB: Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	14831	49,705
84.410	Education Jobs Fund (SB 847)	25152	8,188,008
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	5,536,381
84.367	NCLB: Title II, Part A, Administrator Training (Formerly Principal Training)	14344	775
84.184E	Readiness and Emergency Management for Schools	*	81,943
84.215E	Project Thrive	*	327,049
84.364A	Literature School Library	*	226,717
84.369	California Alternative Performance Assessment (CAPA)	14488	2,892
84.387	NCLB: ARRA Title X, McKinney-Vento Homeless Assistance	15007	21,960
84.215X	Teaching American History Grant	*	381,279
84.394	ARRA: State Fiscal Stabilization Fund	25008	2,264,045
84.377	NCLB: Title I, School Improvement Grant (SIG) for QEIA Schools	14971	2,091,554
	Total U.S. Department of Education		73,030,528

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

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 California Department of Education			
	Head Start Cluster:		
93.600	Head Start	10016	$ 9,665,255
93.708	ARRA: Head Start	10016	375,351
93.709	ARRA: Early Head Start	10016	415,034
	Head Start Cluster		10,455,640
93.243	Good Behavior	*	48,879
93.575	Child Development: Quality Improvement Activities	14130, 13942	3,699
93.576	Refugee Children Supplemental Assistance Program	24791	109,926
93.584	Refugee and Entrant Assistance Targeted Assistance Discretionary and ES Grants	24791	66,245
93.596	Child Development: Federal General Child Care and Development and California State Preschool Program	13609	361,969
93.713	Child Development: ARRA Quality Improvement Activities	15010	100,429
93.674	Chafee Foster Care Independent Living	*	68,485
94.018	Corporation for National and Community Service	*	223,110
93.778	Medical Billing Option	10013	2,718,296
	Total U.S. Department Health and Human Services		14,156,678
U.S. Department of Agriculture			
	Child Nutrition Cluster:		
10.555	National School Lunch Program	13396	15,965,103
10.559	Child Nutrition: Summer Food Service Program Operations	13004	238,934
	Subtotal Child Nutrition Cluster		16,204,037
10.558	Child Nutrition: Child Care Food Program (Cash Advance)	13666	1,114,866
	Total U.S. Department of Agriculture		17,318,903
U.S. Department of Defense			
12.UKN	ROTC	*	302,634
U.S. Department of Justice			
16.710	ARRA: Public Safety Partnership and Community Policing	*	214,176

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2011

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Labor			
17.726	Gang Prevention Youth Mentoring Program Grants	*	$ 125,063
17.258	WIA / WtW Pre Vocational Training	*	531,641
17.259	A Title I Youth-Out-of-School Ind. Ser	*	361,723
	Total U.S. Department of Labor		1,018,427
	Total Federal Programs		$ 106,041,346

* PCA numbers are not available.

See accompanying notes to
supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2011

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

See accompanying notes to
supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2011

	(Budget) 2012	2011	2010	2009
General Fund				
Revenues and other financing sources	$ 368,325,373	$ 425,291,744	$ 400,029,552	$ 412,596,585
Expenditures	364,535,028	405,855,019	397,165,849	410,550,526
Other uses and transfers out		9,397,892	16,191,057	
Total outgo	364,535,028	415,252,911	413,356,906	410,550,526
Change in fund balance	$ 3,790,345	$ 10,038,833	$ (13,327,354)	$ 2,046,059
Ending fund balance	$ 38,189,769	$ 34,399,424	$ 24,360,591	$ 37,687,945
Available reserves	$ 8,589,000	$ 8,589,000	$ 8,589,000	$ 8,589,000
Designated for economic uncertainties	$ 8,589,000	$ 8,589,000	$ 8,589,000	$ 8,589,000
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as percentages of total outgo	2.4%	2.1%	2.1%	2.1%
All Funds				
Total long-term liabilities	$ 510,199,929	$ 556,010,216	$ 551,072,832	$ 542,541,095
Average daily attendance at P-2, excluding Adult and Charter School	41,809	41,515	41,864	41,995

The General Fund fund balance has decreased by $1,242,462 over the past three years. The District has incurred operating surpluses in two of the past three years, and anticipates incurring an operating surplus during the 2011-2012 fiscal year. The fiscal year 2011-2012 budget projects an increase of $3,790,345. 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, 2011, the District has met this requirement.

Total long-term liabilities have increased by $13,469,121 over the past two years, due primarily to the issuance of General Obligation Bonds and increase in net OPEB liability (Note 6 to the financial statements).

Average daily attendance has decreased by 480 over the past two years. The District anticipates an increase of 294 ADA for the 2011-2012 fiscal year.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2011

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
Bowling Green Charter Elementary	Included as Charter School Fund
California Montessori Project Capitol Campus	Separate Report
Capitol Heights Academy	Separate Report
George Washington Carver School of Arts and Science (formerly America's Choice High School)	Included as Charter School Fund
Language Academy of Sacramento	Separate Report
MET Sacramento Charter High School	Included as Charter School Fund
New Technology High School	Included as Charter School Fund
Sacramento Charter High School	Separate Report
Sol Aureus College Preparatory	Separate Report
St. HOPE Public School 7	Separate Report
Yav Pem Suab Academy	Separate Report

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FIRST 5 REVENUES AND EXPENSES

For the Year Ended June 30, 2011

	Academic and Support Services	Child Care
Revenues		
Other local sources	$ 317,006	$ 708,019
Expenditures:		
Certificated salaries	123,383	185,061
Classified salaries	4,979	214,342
Employee benefits	70,425	180,580
Books and supplies	116,494	36,688
Contract services and operating expenditures	1,725	58,411
Indirect costs		32,937
	317,006	708,019
Net income	$ -	$ -

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF SCHOOL COMMUNITY VIOLENCE PREVENTION PROGRAM REVENUES AND EXPENSES

For the Year Ended June 30, 2011

	Support Services
Revenues	
Other local sources	$ 100,262
Expenditures:	
Certificated salaries	45,633
Classified salaries	25,175
Employee benefits	26,874
Books and supplies	2,354
Contract services and operating expenditures	4,500
Indirect costs	3,471
	108,007
Net loss	$ (7,745)

See accompanying notes to supplementary information.

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2011.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 103,297,322
Add: ARRA: State Fiscal Stabilization Funds spent from prior year awards	84.394	203,937
California Alternative Performance Assessment (CAPA) spent from prior year awards	84.369	2,892
NCLB: Title I, Part G: Advanced Placement Test Fee Reimbursement Program spent from prior year awards	84.330	12,838
Medi-Cal Billing Option spent from prior year awards	93.778	442,936
National School Lunch Program spent from prior year awards	10.555	1,883,387
Child Nutrition: Child Care Food Program (Cash Advance) spent from prior year awards	10.558	112,452
Child Nutrition: Summer Food Service Program Operations spent from prior year awards	10.559	85,582
Total Schedule of Expenditure of Federal Awards		$ 106,041,346

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

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2011-2012 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 Expenses

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

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

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

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2011, the District did not adopt this program.

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Board of Education
Sacramento City Unified School District
Sacramento, California

We have audited the compliance of Sacramento City Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2011. Compliance with the requirements of state laws and regulations is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

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

Description	Audit Guide Procedures	Procedures Performed
Regular and Special Day Classes	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Instructional Materials:		
General requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Public Hearing Requirements - Receipt of Funds	1	Yes
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	No, see below

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS
(Continued)

Description	Audit Guide Procedures	Procedures Performed
Contemporaneous Records of Attendance, for charter schools	1	Yes
Mode of Instruction, for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	Yes
Annual Instructional Minutes - Classroom-Based, for charter schools	3	Yes

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

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

The 2010-2011 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2011. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2010-2011 Audit Guide relating to the comparison of tested data from the 2010-2011 fiscal year to the 2010-2011 School Accountability Report Cards.

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

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

In our opinion, Sacramento City Unified School District complied with the state laws and regulations referred to above for the year ended June 30, 2011. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Sacramento City Unified School District had not complied with the state laws and regulations.

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS
(Continued)

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 12, 2011

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

Board of Education
Sacramento City Unified School District
Sacramento, California

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

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain matters involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2011-01.

Compliance and Other Matters

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

Sacramento City Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 12, 2011

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Compliance

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that could have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2011. Compliance with the requirements of laws, regulations, contracts and grants applicable to its First 5 Sacramento County Program is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on First 5 Sacramento County Program occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sacramento City Unified School District's compliance with those requirements.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2011.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the First 5 Sacramento County Program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the First 5 Sacramento County Program will not be prevented, or detected and corrected, on a timely basis.

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 12, 2011

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Compliance

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the School Community Violence Prevention Program that could have a direct and material effect on the School Community Violence Prevention Program for the year ended June 30, 2011. Compliance with the requirements of laws, regulations, contracts and grants applicable to its School Community Violence Prevention Program is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on School Community Violence Prevention Program occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Sacramento City Unified School District's compliance with those requirements.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its School Community Violence Prevention Program for the year ended June 30, 2011.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the School Community Violence Prevention Program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the School Community Violence Prevention Program will not be prevented, or detected and corrected, on a timely basis.

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 12, 2011

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Compliance

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sacramento City Unified School District's major federal programs for the year ended June 30, 2011. Sacramento City Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Sacramento City Unified School District's management. Our responsibility is to express an opinion on Sacramento City Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Sacramento City Unified School District's compliance with those requirements.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

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

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 12, 2011

FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	X No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	X None reported	
Type of auditors' report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ Yes	X No	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010, 84.389	NCLB: Title I Cluster (including ARRA)
84.027, 84.027A, 84.173, 84.391, 84.392	Special Education Cluster (including ARRA)
84.394	ARRA State Fiscal Stabilization Fund
84.367	NCLB Title II, Part A, Improving Teacher Quality Local Grants
84.410	Education Jobs Fund
93.600, 93.708, 93.709	Head Start Cluster (including ARRA)
10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000		
Auditee qualified as low-risk auditee?	X Yes	_____ No	

STATE AWARDS

Internal control over state programs:			
Material weakness(es) identified?	_____ Yes	X No	
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	X None reported	
Type of auditors' report issued on compliance for state programs:	Unqualified		

SECTION II - FINANCIAL STATEMENT FINDINGS

2011-01 DEFICIENCY - STUDENT BODY ACCOUNTS (30000)

Criteria

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

Condition

Bowling Green Elementary School:
- There is no evidence of dual cash count being performed.

Kennedy High School:
- There was no formal review of the financial statements performed by someone independent of the preparer.

West Campus High School:
- The ASB bookkeeper/Controller does not maintain a log of outstanding receipt books.
- No initial receipts are issued at fundraisers, and the tally sheet did not break out the number sold at each price point; therefore, they did not reconcile to the deposit.
- There was no evidence of approval of fundraisers in ASB meeting minutes, or approval of fundraisers through a Fundraiser Approval Form.

Rosa Parks Middle School:
- Initial receipts are not issued, and there is no log or record number of items sold.
- A log is not maintained of outstanding receipt books.
- The deposit summary/cash count did not reconcile to the amount actually deposit to the bank.

Camellia Basic Elementary School:
- There is no formal receipt book with carbon copy of receipt.

Crocker/Riverside Elementary School:
- No receipts are issued for the receipt of funds.
- There was no evidence of dual cash count being performed by two independent individuals.
- No evidence of approval by the District for Sly Park camp was present.
- Evidence of review for monthly account reconciliations was not present.

Albert Einstein Middle School:
- No evidence was provided of periodic inventory of the student store.

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2011-01 DEFICIENCY - STUDENT BODY ACCOUNTS (30000) (Continued)

Condition (Continued)

District Level:

- At Camellia Basic Elementary and Crocker/Riverside Elementary, the monthly bank reconciliations for February 2011 and March 2011 were not reviewed timely.

Effect

ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been implemented and enforced.

Fiscal Impact

Not determinable.

Recommendation

- There should be evidence of dual cash count being performed.
- Receipts should be issued with a formal receipt book that has carbon copies.
- Monthly account reconciliation review should be present in physical or electronic form.
- Monthly bank statement reconciliations should be reviewed by the Accounting Supervisor in a timely manner.
- Monthly financial statements, including the student store profit and loss, should be reviewed by someone independent of the preparer.
- The deposit should reconcile to the deposit summary/cash count.
- Periodic inventories should be completed and evidence of this inventory should be maintained.
- A log of all outstanding receipt books should be maintained.
- Evidence of approval for all fundraisers should be maintained.

Corrective Action Plan

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2011

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2010-01 A.M. Winn Elementary School – Associated Student Body: • Disbursement Requests are prepared and reviewed by separate individuals, however the preparer does not sign the request. Hiram W. Johnson High School– Associated Student Body • Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received. • Profit and Loss Statements for the student store are not reviewed. Bowling Green Elementary Charter School – Associated Student Body: • There is no log maintained for sub-receipt books issued to the student clubs. • When student clubs turn in funds to ASB Bookkeeper, receipts are not included that show the receipts issued for cash collections reconciling to total cash submitted. • Disbursement Requests are prepared and reviewed by separate individuals; however, the preparer does not sign the request. California Middle School - Associated Student Body: • Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received. • Monthly financial statements provided by the District are not being maintained, as such there is no evidence of review. • No minutes were prepared for Student Council meetings to indicate approval and intent for student activities. Will C. Wood Middle School - Associated Student Body: • Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received.	Partially implemented.	See current year finding 2011-01.

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2010-01 (Continued) • Monthly financial statements provided by the District are not being maintained, as such there is no evidence of review. • Profit and Loss Statements for the student store are not reviewed. • No minutes were prepared for Student Council meetings to indicate approval and intent for student activities. CK McClatchy High School - Associated Student Body: • Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received. We recommend the following: A.M. Winn Elementary School – Associated Student Body: • Disbursement Requisitions should be signed and dated by the preparer and the reviewer to demonstrate proper segregation of duties. Hiram W. Johnson High School– Associated Student Body: • Sub receipt books should be issued to the student clubs, and a record of these sub receipt books should be kept by ASB Bookkeeper. Deposits should be reconciled to these initial cash receipts. • Profit and Loss Statements for the student store should be periodically prepared and reviewed. Bowling Green Elementary Charter School – Associated Student Body: • Sub receipt books should be issued to the student clubs, and a record of these sub receipt books should be kept by the ASB Bookkeeper. Deposits should be reconciled to these initial receipts. • Receipts or tally sheets and schedules documenting the number of items sold and the price per unit should be used and given to the ASB Bookkeeper when funds are turned in.		

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2010-01 (Continued) • Disbursement Requests should be signed and dated by the preparer and the reviewer to demonstrate proper segregation of duties. California Middle School - Associated Student Body: • Sub receipt books should be issued to clubs collecting funds, and a record of these sub receipt books should be kept by ASB Bookkeeper. Deposits should be reconciled to these initial receipts. • Monthly financial statements for ASB and student clubs should be reviewed and maintained. • Minutes should be taken at all ASB meetings. Will C. Wood Middle School - Associated Student Body: • Sub receipt books should be issued to clubs collecting funds, and a record of these sub receipt books should be kept by the ASB Bookkeeper. Deposits should be reconciled to these initial receipts. • Monthly financial statements for ASB and student clubs should be reviewed and maintained. • Profit and Loss Statements for the student store should be periodically prepared and reviewed. • Minutes should be taken at all ASB meetings. CK McClatchy High School - Associated Student Body: • Sub receipt books should be issued to clubs collecting funds, and a record of these sub receipt books should be kept by ASB Bookkeeper. Deposits should be reconciled to these initial receipts.		