

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2018

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 FINANCIAL STATEMENTS  
 WITH SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2018

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Sacramento City Unified School District  
Sacramento, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". The implementation of Statement No. 75 resulted in a cumulative adjustment to the District's July 1, 2017 net position by \$525,639,162 because of the recognition of the net OPEB liability. Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 15 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Contributions - OPEB, the Schedule of Money-Weighted Rate of Return on OPEB Plan Investments, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 61 to 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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(Continued)

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018 on our consideration of Sacramento City Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sacramento City Unified School District's internal control over financial reporting and compliance.

**Crowe LLP**  
Crowe LLP

Sacramento, California  
November 27, 2018

## Management’s Discussion and Analysis

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

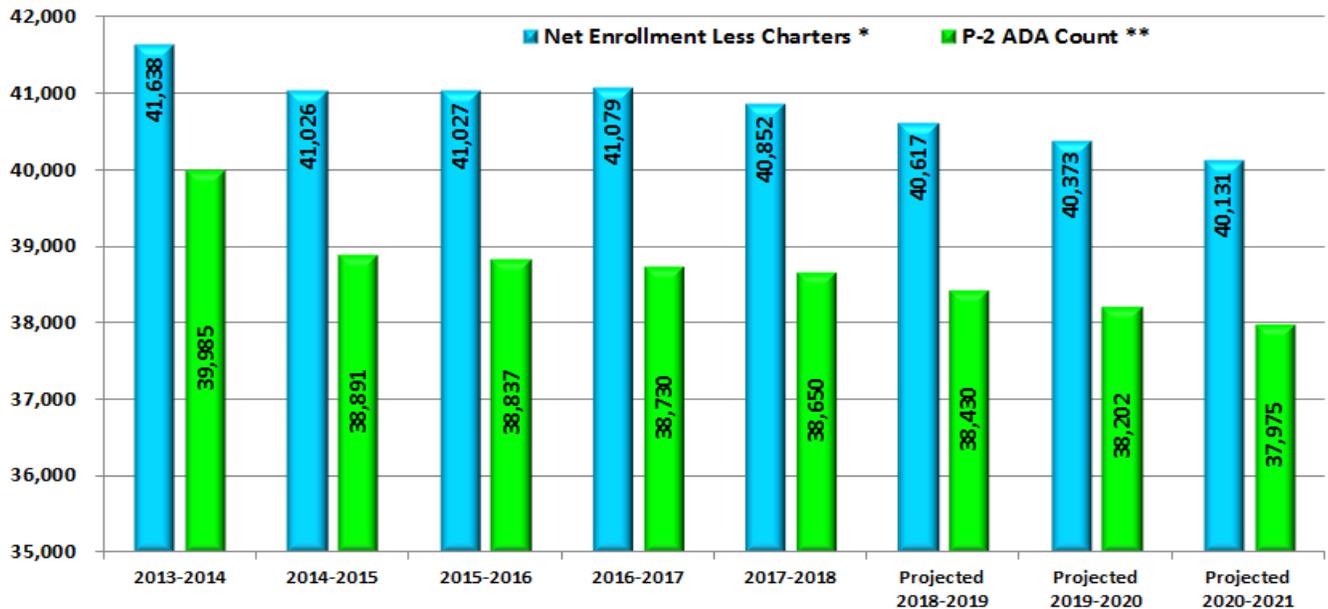
### District Overview

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

For fiscal year 2017-2018, the District operated forty-one elementary schools (grades K-6), eight elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers and fifteen charter schools (both dependent and independent) and forty-four children’s centers/preschools serving infants through age 12.

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

**Enrollment Compared to Average Daily Attendance**



\* Enrollment is as of California Basic Educational Data System (CBEDS) date in October each year

\*\* P-2 ADA is collected as of the last full school month ending on or before April 15<sup>th</sup>

Source: California Department of Education

## **Governance**

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

## **Strategic Plan and Guiding Principle**

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

The District's Mission:

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

The District's Vision:

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

The District's Core Values:

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

The District's Goals:

- **College, Career and Life Ready Graduates:** Challenge and support all students to actively engage in rigorous and relevant curriculum that prepares them for college, career, and a fulfilling life, regardless of zip code, race/ethnicity, ability, language proficiency, and life circumstance.
- **Safe, Emotionally Healthy and Engaged Students:** Provide supports and opportunities to ensure that every student succeeds, with safe school environments that foster student engagement, promote daily attendance, and remove barriers to learning.
- **Family and Community Empowerment:** Commit to a welcoming school environment for our community; recognize and align district partnerships; and provide tools and family empowerment opportunities that are linked to supporting student academic achievement and social emotional competencies in order for families to be equal and active partners in their child's educational success.

## **Strategic Plan and Guiding Principle (Continued)**

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

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

## **Overview of the Financial Statements**

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

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

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

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

- **Governmental activities** – Most of the District's basic services are included here, such as regular and special education, transportation, and administration. State support from Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.
- **Business-type activities** – The District does not currently have any business-type activities.

These two financial statements start on page 16.

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

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

## **District-wide Financial Condition**

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Fiscal year 2001-2002 was the first year the District accounted for the value of fixed assets and included these values as part of the 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 because the district acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation.

**District-wide Financial Condition (Continued)**

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

	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>Variance</b>	<b>% Difference</b>
Capital Assets	\$561,290,672	\$554,196,339	\$7,094,333	1%
Other Assets	\$357,920,926	\$407,462,817	(\$49,541,891)	-12%
Total Assets	\$919,211,598	\$961,659,156	(\$42,447,558)	-4%
Deferred Outflows of Resources	\$207,599,670	\$82,280,898	\$125,318,772	152%
Current and Other Liabilities	\$62,234,975	\$66,448,046	(\$4,213,071)	-6%
Long-Term Liabilities	\$1,804,562,828	\$1,285,646,178	\$518,916,650	40%
Total Liabilities	\$1,866,797,803	\$1,352,094,224	\$514,703,579	38%
Deferred Inflows of Resources	\$122,130,142	\$25,051,000	\$97,079,142	388%
Net Investment in Capital Assets (net of related debt)	\$98,731,556	\$105,170,078	(\$6,438,522)	-6%
Restricted Net Position	\$104,507,628	\$101,339,277	\$3,168,351	3%
Unrestricted Net Position	(\$1,065,355,861 )	(\$539,714,525)	(\$525,641,336)	97%
Total Net Position	(\$862,116,677)	(\$333,205,170)	(\$528,911,507)	159%

At the end of fiscal year 2017-2018, the District had a total value of \$1,117,458,439 in capital assets. Capital assets include land, buildings, site improvements, equipment and work in progress. Total accumulated depreciation amounted to \$556,167,767. Net capital assets totaled \$561,290,672, an increase of \$7,094,333 from prior year. This is a result of capital projects being completed through Measures Q and R General Obligation Bonds.

### **District-wide Financial Condition (Continued)**

Other assets include cash, investments, receivables, prepaid expenses and stores inventory. A decrease in other assets of \$49,541,891 is mostly a result of less cash with fiscal agent for the Building Fund as compared with the prior year. The Building Fund cash accounts are used to fund the District's capital asset improvements (i.e. Measures Q and R General Obligations Bonds).

The District ended the year with a total of \$1,866,797,803 in outstanding obligations. The increase in total liabilities of \$514,703,579 is mainly attributed to the recognition of our entire Other Post Employment Benefit (OPEB) liability under GASB Statement No. 75 and an increase in pension liability. Pension expense recognition as well as the change in OPEB accounting recognition also contributed to the increases in both Deferred Outflows and Deferred Inflows of Resources.

**District-wide Financial Condition (Continued)**

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

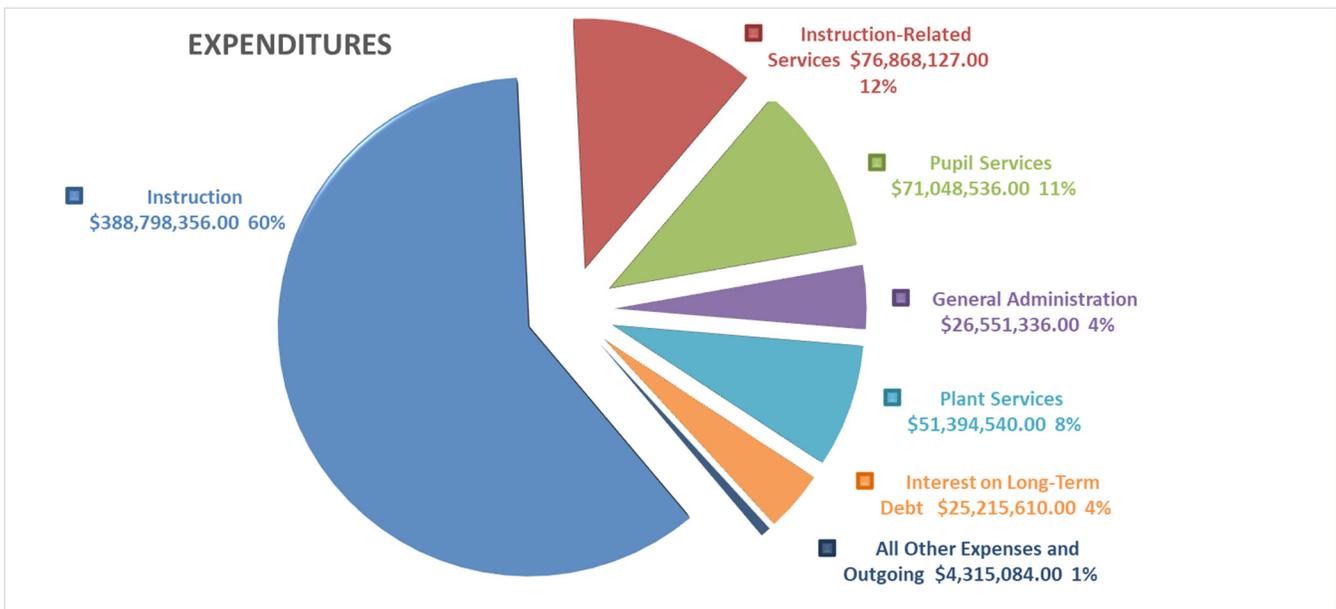
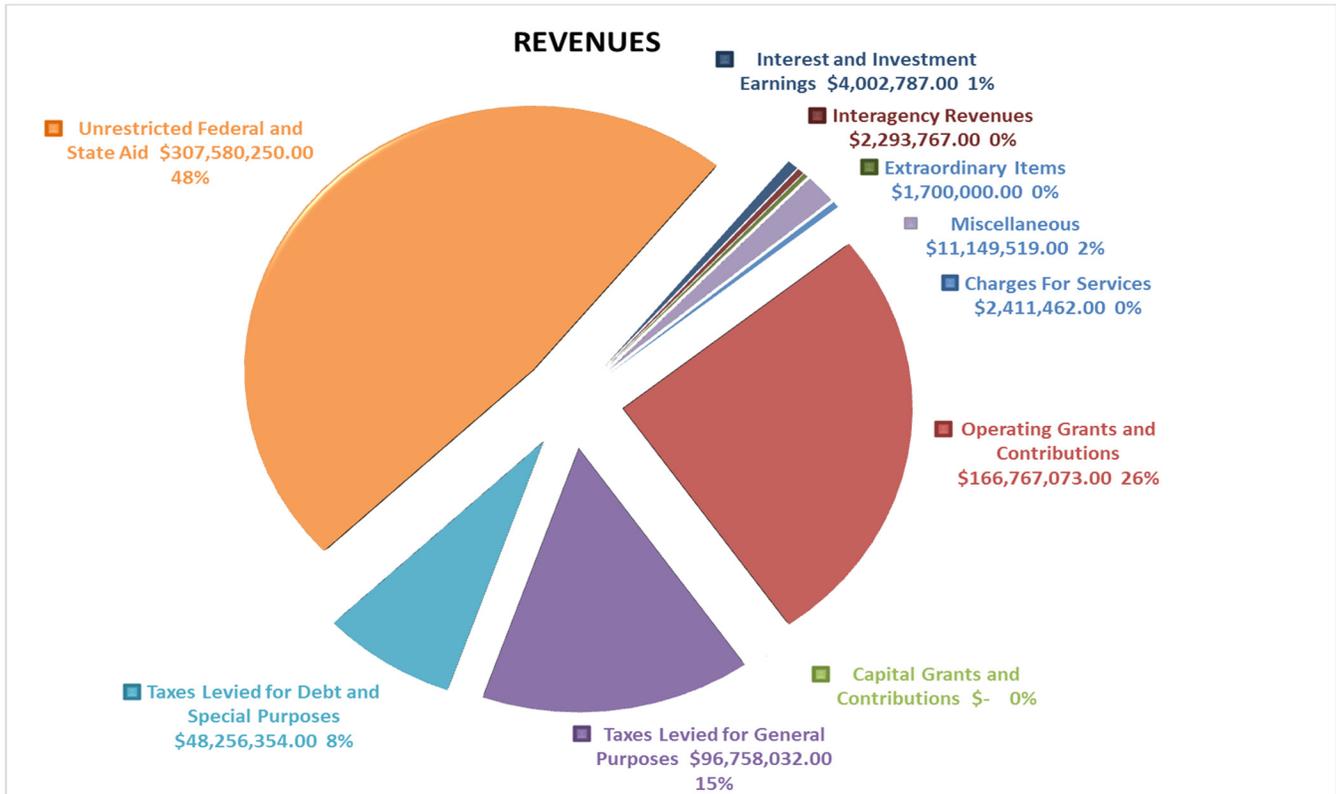
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>Variance</b>	<b>% Difference</b>
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$388,798,356	\$370,749,498	\$18,048,858	5%
Instruction-Related Services	\$76,868,127	\$69,765,821	\$7,102,306	10%
Pupil Services	\$71,048,536	\$67,108,590	\$3,939,946	6%
General Administration	\$26,551,336	\$25,065,039	\$1,486,297	6%
Plant Services	\$51,394,540	\$46,616,595	\$4,777,945	10%
Interest on Long-Term Debt	\$25,215,610	\$20,737,032	\$4,478,578	22%
All Other Expenses and Outgo	\$4,315,084	\$26,931,353	(\$22,616,269)	-84%
<b>Total Governmental Activity Expenses</b>	<b>\$644,191,589</b>	<b>\$626,973,928</b>	<b>\$17,217,661</b>	<b>3%</b>

<b>Revenues</b>				
Charges For Services	\$2,411,462	\$2,460,607	(\$49,145)	-2%
Operating Grants and Contributions	\$166,767,073	\$166,111,607	\$655,466	0%
Capital Grants and Contributions	\$0	\$0	\$0	
Taxes Levied for General Purposes	\$96,758,032	\$89,744,074	\$7,013,958	8%
Taxes Levied for Debt and Special Purposes	\$48,256,354	\$40,745,172	\$7,511,182	18%
Unrestricted Federal and State Aid	\$307,580,250	\$305,643,603	\$1,936,647	1%
Interest and Investment Earnings	\$4,002,787	\$7,714,085	(\$3,711,298)	-48%
Interagency Revenues	\$2,293,767	\$2,352,234	(\$58,467)	-2%
Special and Extraordinary Items	\$1,700,000	\$0	\$1,700,000	
Miscellaneous	\$11,149,519	\$13,804,014	(\$2,654,495)	-19%
<b>Total Revenues</b>	<b>\$640,919,244</b>	<b>\$628,575,396</b>	<b>\$12,343,848</b>	<b>2%</b>

<b>Change in Net Position</b>	<b>(\$3,272,345)</b>	<b>\$1,601,468</b>	<b>(\$4,873,813)</b>	<b>-304%</b>
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The District overall experienced a decrease in net position of \$3,272,345. This was a decrease from the prior year of \$4,873,813. Total revenues increased 2%, or \$12,343,848, as compared to 2016-2017, but total expenditures increased by 3%, or \$17,217,661.

This year's decrease in All Other Expenses and Outgo is due to the prior year adjustment of \$22,213,281 to remove the OPEB trust activity from the District's fund financials. The increase in Instruction and other categories of expenses can be attributed to district-wide salary increases.



## Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. Enterprise funds (one type of proprietary fund) are the same as business-type activities, but provide more detail and additional information, such as cash flows. The District does not currently have any business-type activities. Internal service funds (another type of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund, the Self-Insurance Fund, which includes Workers' Compensation and Dental/Vision.
- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

## General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2018:

	<b>Adopted Budget</b>	<b>Year End Budget</b>	<b>Actual</b>
Total Revenues	\$480,118,928	\$511,751,570	\$504,534,628
Total Expenditures	\$502,057,349	\$531,153,109	\$518,008,558
Total Other Sources/(Uses)	\$1,683,895	\$1,174,792	\$2,507,874

The net revenue increase between Adopted and Year End Budget was \$31,632,642, due to current year budgets for categorical funds, which are budgeted as grant award documents are received. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated mid-year. In addition, the Adopted Budget did not include one-time funds such as \$2,366,143 of Title I School Improvement Grants and \$4,105,449 of Career Technical Education Incentive Grants.

The net increase to the total expenditure budget between Adopted and Year End Budget was \$29,095,760, due to revisions to set up expenditures related to the one-time funds described above and the categorical program funds, which are budgeted after July 1 as grant award documents are received and school site plans are approved.

Actual revenues were \$7,216,942, or 1.4%, below Year End Budget, due primarily to unspent and unearned categorical revenue and one-time revenues that carryover to 2018-19. Actual expenditures were \$13,144,551, or 2.5% below Year End Budget, due to timing of grants received in the later part of the year, unspent categorical revenue and unspent school site program funds.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2018:

Total Revenue	\$504,534,628
Total Expenditures	\$518,008,558
Other Financing Sources & Uses	\$2,507,874
Net Change	(\$10,966,056)

## District Reserves and Net Ending Balance

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

The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Education to designate the funds for any purpose by a majority vote at a Board meeting. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds. The Board has not taken any action in 2017-18 to commit funds. Assigned ending balances are constrained by the District's intent, but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

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

<b>Ending Fund Balances</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>	<b>Difference</b>
Fund 01 General	\$70,500,751	\$81,466,807	(\$10,966,056)
Fund 09 Charter Schools	\$3,364,988	\$4,020,812	(\$655,824)
Fund 11 Adult Education	\$0	\$467,678	(\$467,678)
Fund 12 Child Development	\$16,296	\$1,297,883	(\$1,281,587)
Fund 13 Cafeteria	\$11,206,788	\$10,846,642	\$360,146
Fund 14 Deferred Maintenance	\$0	\$160,613	(\$160,613)
Fund 21 Building	\$147,183,197	\$183,598,722	(\$36,415,525)
Fund 25 Developer Fees	\$14,663,941	\$9,644,267	\$5,019,674
Fund 49 Community Facilities	\$3,504,915	\$2,409,063	\$1,095,852
Fund 51 Bond Interest and Redemption	\$39,273,247	\$40,952,072	(\$1,678,825)
Fund 67 Self Insurance	\$11,630,221	\$9,862,314	\$1,767,907

## Capital Projects

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

### Total Expenditures for Fiscal Year Ended June 30, 2018

<u>Measure Q</u>		<u>\$ 30,662,422</u>
• Program Management Expenditures	\$ 1,083,511	
• Completed Project Expenditures:		
▪ Core Academic Renovation	8,010,138	
▪ District-wide Fire & Irrigation Improvements	1,986,972	
▪ Modernization, Repair & Upgrades	8,478,620	
▪ Program Enhancements	400,495	
▪ Resource and Energy Conservation Improvement Projects	361,991	
• In Progress Project Expenditures:		
▪ Core Academic Renovation	1,347,248	
▪ District-wide Fire & Irrigation Improvements	345,028	
▪ Modernization, Repair & Upgrades	5,743,370	
▪ Program Enhancements	454,060	
▪ Resource and Energy Conservation Improvement Projects	111,484	
▪ Technology Upgrades	2,339,505	
<u>Measure R</u>		<u>\$ 6,029,040</u>
• Program Management Expenditures	\$ 258,278	
• In Progress Project Expenditures:		
▪ Athletics: Fields, Gyms, Locker Rooms	2,367,526	
▪ Nutrition Services Center	3,403,236	

### Summary of Future Projects as of June 30, 2018

<u>Project Year(s)</u>	<u>Projects</u>	<u>Estimated Budget</u>
<u>Measure Q</u>		<u>\$ 77,100,000</u>
2019-2021	Core Academic Renovation	\$ 27,729,000
2019-2021	Modernization, Repair & Upgrade Projects	46,871,000
2019-2021	Resource & Energy Conservation Improvement Projects	2,500,000
<u>Measure R</u>		<u>\$ 30,900,000</u>
2019-2021	Nutrition Services Center	30,900,000

## **District Indebtedness**

As of June 30, 2018, the District has incurred \$1,804,562,828 in long-term liabilities. Of this amount, \$504,146,352 are General Obligation Bonds and Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002 and 2012, and \$65,565,000 of Lease Revenue Bonds, backed by Mello-Roos Community Facilities funds.

Over 66% of our long-term debt is related to our investment in our employees post-retirement. The District continues to provide lifetime health benefits to eligible retirees. With the adoption of GASB Statement No. 75, our recognized net OPEB liability increased to \$725,760,458. Additionally, our pension liability increased \$63,064,000 to \$468,143,000.

## **Financial Outlook**

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

The District is working with the Sacramento County Office of Education (SCOE) and fiscal advisor to ensure future fiscal stability. While the 2018-2019 budget has yet to be approved by SCOE, the goal of our interim budget reporting is to provide a budget that can be certified "qualified." Multiyear budget projections will become clearer once the January Governor's Proposed Budget is released and the May Revision is issued. In the meantime, the District is working with its partners and evaluating all opportunities for an improved future financial outlook.

## **BASIC FINANCIAL STATEMENTS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 319,892,472
Receivables	37,455,634
Prepaid expenses	13,380
Stores inventory	559,440
Non-depreciable capital assets (Note 4)	39,563,391
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>521,727,281</u>
Total assets	<u>919,211,598</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources - pensions (Notes 8 and 9)	172,099,949
Deferred outflows of resources - OPEB (Note 10)	33,078,830
Deferred loss on refunding of debt	<u>2,420,891</u>
Total deferred outflows of resources	<u>207,599,670</u>
<b>LIABILITIES</b>	
Accounts payable	53,091,798
Unpaid claims and claim adjustment expenses (Note 5)	543,004
Unearned revenue	8,600,173
Long-term liabilities (Note 6):	
Due within one year	69,595,156
Due after one year	<u>1,734,967,672</u>
Total liabilities	<u>1,866,797,803</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - OPEB (Note 10)	77,274,142
Deferred inflows of resources - pensions (Notes 8 and 9)	<u>44,856,000</u>
Total deferred inflows of resources	<u>122,130,142</u>
<b>NET POSITION</b>	
Net investment in capital assets	98,731,556
Restricted:	
Legally restricted programs	24,812,188
Capital projects	40,422,193
Debt service	39,273,247
Unrestricted	<u>(1,065,355,861)</u>
Total net position	<u>\$ (862,116,677)</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

			Program Revenues			Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental activities:						
Instruction	\$ 388,798,356	\$ 928,820	\$ 94,073,025	\$ -		\$ (293,796,511)
Instruction-related services:						
Supervision and administration	35,697,972	77,296	19,777,639	-		(15,843,037)
Library, media and technology	3,134,490	544	678,477	-		(2,455,469)
School site administration	38,035,665	5,164	3,576,890	-		(34,453,611)
Pupil services:						
Home-to-school transportation	12,990,382	4,875	116,871	-		(12,868,636)
Food services	23,493,046	1,040,621	23,891,196	-		1,438,771
All other pupil services	34,565,108	132,270	15,983,922	-		(18,448,916)
General administration:						
Centralized data processing	5,227,831	5,641	41,899	-		(5,180,291)
All other general administration	21,323,505	45,783	4,130,236	-		(17,147,486)
Plant service	51,394,540	168,052	4,242,713	-		(46,983,775)
Ancillary services	3,033,595	2,396	133,910	-		(2,897,289)
Community services	616,628	-	101,005	-		(515,623)
Enterprise activities	5,034	-	-	-		(5,034)
Other outgo	659,827	-	19,290	-		(640,537)
Interest on long-term liabilities	<u>25,215,610</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>(25,215,610)</u>
Total governmental activities	<u>\$ 644,191,589</u>	<u>\$ 2,411,462</u>	<u>\$ 166,767,073</u>	<u>\$ -</u>		<u>(475,013,054)</u>
General revenues:						
Taxes and subventions:						
Taxes levied for general purposes						96,758,032
Taxes levied for debt service						44,815,181
Taxes levied for other specific purposes						3,441,173
Federal and state aid not restricted to specific purposes						307,580,250
Interest and investment earnings						4,002,787
Interagency revenues						2,293,767
Miscellaneous						11,149,519
Special extraordinary and items						<u>1,700,000</u>
Total general revenues						<u>471,740,709</u>
Change in net position						<u>(3,272,345)</u>
Net position, July 1, 2017, as originally stated						(333,205,170)
Cumulative affect of the implementation of GASB 75						<u>(525,639,162)</u>
Net position, July 1, 2017, restated						<u>(858,844,332)</u>
Net position, June 30, 2018						<u>\$ (862,116,677)</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Funds	All Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments:					
Cash in County Treasury	\$ 75,050,277	\$ 27,011,469	\$ 49,754,401	\$ 26,139,266	\$ 177,955,413
Cash on hand and in banks	281,217	223	-	1,737,908	2,019,348
Cash in revolving fund	225,000	-	-	2,000	227,000
Cash with Fiscal Agent	-	124,929,860	4,160,726	-	129,090,586
Receivables	8,656,692	606,220	271,994	7,978,107	17,513,013
Due from grantor governments	16,311,650	-	-	2,049,664	18,361,314
Due from other funds	4,117,257	-	-	763,642	4,880,899
Prepaid expenditures	12,730	-	-	650	13,380
Stores inventory	108,722	-	-	450,718	559,440
	<u>104,763,545</u>	<u>152,547,772</u>	<u>54,187,121</u>	<u>39,121,955</u>	<u>350,620,393</u>
Total assets	<u>\$ 104,763,545</u>	<u>\$ 152,547,772</u>	<u>\$ 54,187,121</u>	<u>\$ 39,121,955</u>	<u>\$ 350,620,393</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 26,947,248	\$ 5,364,575	\$ 13,615,906	\$ 1,501,420	\$ 47,429,149
Unearned revenue	6,567,313	-	1,297,968	734,892	8,600,173
Due to other funds	748,233	-	-	4,128,715	4,876,948
	<u>34,262,794</u>	<u>5,364,575</u>	<u>14,913,874</u>	<u>6,365,027</u>	<u>60,906,270</u>
Total liabilities	<u>34,262,794</u>	<u>5,364,575</u>	<u>14,913,874</u>	<u>6,365,027</u>	<u>60,906,270</u>
Fund balances:					
Nonspendable	346,452	-	-	453,368	799,820
Restricted	10,224,116	147,183,197	39,273,247	32,303,560	228,984,120
Assigned	39,917,050	-	-	-	39,917,050
Unassigned	20,013,133	-	-	-	20,013,133
	<u>70,500,751</u>	<u>147,183,197</u>	<u>39,273,247</u>	<u>32,756,928</u>	<u>289,714,123</u>
Total fund balances	<u>70,500,751</u>	<u>147,183,197</u>	<u>39,273,247</u>	<u>32,756,928</u>	<u>289,714,123</u>
Total liabilities and fund balances	<u>\$ 104,763,545</u>	<u>\$ 152,547,772</u>	<u>\$ 54,187,121</u>	<u>\$ 39,121,955</u>	<u>\$ 350,620,393</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -  
TO THE STATEMENT OF NET POSITION  
June 30, 2018

Total fund balances - Governmental Funds	\$	289,714,123
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,117,458,439 and the accumulated depreciation is \$556,167,767 (Note 4).		
		561,290,672
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, 2018 consisted of (Note 6):		
General Obligation Bonds	\$ (487,612,966)	
Accreted interest	(16,533,386)	
Lease Revenue Bonds	(65,565,000)	
Premium on issuance	(36,697,438)	
Capitalized lease obligations	(34,463)	
Net pension liability (Notes 8 and 9)	(468,143,000)	
Net OPEB liability (Note 10)	(725,760,458)	
Compensated absences	<u>(4,216,117)</u>	
		(1,804,562,828)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position of the Self-Insurance Fund is:		
		11,630,221
In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred:		
		(5,658,393)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.		
		2,420,891
In government funds, deferred outflows and inflows of resources relating to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 10).		
Deferred outflows of resources relating to OPEB	\$ 33,078,830	
Deferred inflows of resources relating to OPEB	<u>(77,274,142)</u>	
		<u>(44,195,312)</u>
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9).		
Deferred outflows of resources relating to pensions	\$ 172,099,949	
Deferred inflows of resources relating to pensions	<u>(44,856,000)</u>	
		<u>127,243,949</u>
Total net position - governmental activities	\$	<u><u>(862,116,677)</u></u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local control funding formula (LCFF):					
State apportionment	\$ 287,546,461	\$ -	\$ -	\$ 16,549,486	\$ 304,095,947
Local sources	<u>85,807,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,807,376</u>
Total LCFF	<u>373,353,837</u>	<u>-</u>	<u>-</u>	<u>16,549,486</u>	<u>389,903,323</u>
Federal sources	49,249,342	-	-	36,590,673	85,840,015
Other state sources	70,050,430	-	418,376	13,497,213	83,966,019
Other local sources	<u>11,881,019</u>	<u>2,531,860</u>	<u>45,500,887</u>	<u>15,917,120</u>	<u>75,830,886</u>
Total revenues	<u>504,534,628</u>	<u>2,531,860</u>	<u>45,919,263</u>	<u>82,554,492</u>	<u>635,540,243</u>
Expenditures:					
Current:					
Certificated salaries	196,143,370	-	-	18,478,296	214,621,666
Classified salaries	63,562,086	921,832	-	15,811,047	80,294,965
Employee benefits	160,839,811	293,039	-	22,040,346	183,173,196
Books and supplies	19,147,391	332,851	-	12,309,670	31,789,912
Contract services and operating expenditures	71,049,494	437,676	-	4,630,879	76,118,049
Other outgo	659,827	-	-	-	659,827
Capital outlay	2,202,829	37,141,559	-	1,736,036	41,080,424
Debt service:					
Principal retirement	2,218,576	-	27,235,000	200,000	29,653,576
Interest	<u>2,185,174</u>	<u>-</u>	<u>20,363,088</u>	<u>930,374</u>	<u>23,478,636</u>
Total expenditures	<u>518,008,558</u>	<u>39,126,957</u>	<u>47,598,088</u>	<u>76,136,648</u>	<u>680,870,251</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(13,473,930)</u>	<u>(36,595,097)</u>	<u>(1,678,825)</u>	<u>6,417,844</u>	<u>(45,330,008)</u>
Other financing sources (uses):					
Transfers in	3,755,901	-	-	1,248,027	5,003,928
Transfers out	(1,248,027)	-	-	(3,755,901)	(5,003,928)
Proceeds from the sale of land/building	<u>-</u>	<u>179,572</u>	<u>-</u>	<u>-</u>	<u>179,572</u>
Total other financing sources (uses)	<u>2,507,874</u>	<u>179,572</u>	<u>-</u>	<u>(2,507,874)</u>	<u>179,572</u>
Change in fund balances	(10,966,056)	(36,415,525)	(1,678,825)	3,909,970	(45,150,436)
Fund balances, July 1, 2017	<u>81,466,807</u>	<u>183,598,722</u>	<u>40,952,072</u>	<u>28,846,958</u>	<u>334,864,559</u>
Fund balances, June 30, 2018	<u>\$ 70,500,751</u>	<u>\$ 147,183,197</u>	<u>\$ 39,273,247</u>	<u>\$ 32,756,928</u>	<u>\$ 289,714,123</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

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Net change in fund balances - Total Governmental Funds	\$ (45,150,436)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	42,853,705
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(35,652,710)
In the governmental funds, the entire proceeds from the disposal of capital assets is reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 4).	(106,662)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	29,653,576
Accreted interest is an expense that is not reported in the governmental funds (Note 6).	(1,922,468)
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the liability in the statement of net position. (Note 6).	2,467,442
In governmental funds, deferred inflows and deferred outflows of resources are not recognized. In the government-wide statements, deferred inflows and deferred outflows of resources are amortized over the life of the debt. The net activity in the deferred outflow for the current year is:	(335,656)
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.	(1,946,292)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. The change in net position for the Self-Insurance Fund was:	1,767,908

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018

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In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	\$ 9,706,599
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6).	4,128,524
In the statement of activities, expenses related to net OPEB liability are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6 and 10).	<u>(8,735,875)</u>
Change in net position of governmental activities	<u>\$ (3,272,345)</u>

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND  
SELF-INSURANCE FUND  
June 30, 2018

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**ASSETS**

Current assets:

Cash and investments:

Cash in County Treasury	\$ 10,349,432
Cash on hand and in banks	693
Cash with Fiscal Agent	250,000
Receivables	<u>1,581,307</u>

Total current assets 12,181,432

**LIABILITIES**

Current liabilities:

Accounts payable	4,256
Due to Other Funds	3,951
Unpaid claims and claim adjustment expenses	<u>543,004</u>

Total current liabilities 551,211

**NET POSITION**

Unrestricted \$ 11,630,221

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN  
NET POSITION - PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2018

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Operating revenues:	
Self-insurance premiums	\$ 15,960,525
Other local revenue	<u>64</u>
Total operating revenues	<u>15,960,589</u>
Operating expenses:	
Classified salaries	296,200
Employee benefits	150,335
Books and supplies	10,559
Contract services	<u>13,833,807</u>
Total operating expenses	<u>14,290,901</u>
Net operating income	1,669,688
Non-operating income:	
Interest income	<u>98,220</u>
Change in net position	1,767,908
Total net position, July 1, 2017	<u>9,862,313</u>
Total net position, June 30, 2018	<u><u>\$ 11,630,221</u></u>

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2018

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Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 14,723,900
Cash paid for employee benefits	(14,046,683)
Cash paid for other expenses	<u>(455,236)</u>
Net cash provided by operating activities	221,981
Cash flows provided by investing activities:	
Interest income received	<u>98,220</u>
Change in cash and investments	320,201
Cash and investments, July 1, 2017	<u>10,279,924</u>
Cash and investments, June 30, 2018	<u><u>\$ 10,600,125</u></u>
Reconciliation of net operating income to net cash provided by operating activities:	
Net operating income	<u>\$ 1,669,688</u>
Adjustments to reconcile net operating income to net cash provided by operating activities:	
(Increase) in:	
Receivables	(1,236,689)
(Decrease) increase in:	
Unpaid claims and claim adjustment expenses	(212,876)
Accounts payable	(2,093)
Due to other funds	<u>3,951</u>
Total adjustments	<u>(1,447,707)</u>
Net cash provided by operating activities	<u><u>\$ 221,981</u></u>

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST AND AGENCY FUNDS  
June 30, 2018

	Trust Fund	Agency Funds	
	Scholar- ship Trust	Student Body Funds	Warrant Pass-Through Fund
<b>ASSETS</b>			
Cash and investments (Note 2):			
Cash in County Treasury	\$ -	\$ -	\$ 47,878,392
Cash on hand and in banks	482,636	1,257,115	-
Receivables	-	110	-
Stores inventory	-	5,655	-
Total assets	482,636	\$ 1,262,880	\$ 47,878,392
<b>LIABILITIES</b>			
Due to student groups	-	\$ 1,262,880	\$ -
Accounts payable	-	-	47,878,392
Total liabilities	-	\$ 1,262,880	\$ 47,878,392
<b>NET POSITION</b>			
Restricted for scholarships	\$ 482,636		

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
TRUST FUND  
For the Year Ended June 30, 2018

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	Scholarship <u>Trust</u>
Additions:	
Other local sources	\$ <u>40,700</u>
Deductions:	
Contract services and operating expenditures	<u>33,346</u>
Change in net position	7,354
Net position, July 1, 2017	<u>475,282</u>
Net position, June 30, 2018	<u>\$ 482,636</u>

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See accompanying notes to the financial statements

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

A - Manifestations of Oversight

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

B - Accounting for Fiscal Matters

- 1 All major financing arrangements, contracts, and other transactions of the Corporation and the Authority must have the consent of the District.
2. Any deficits incurred by the Corporation and the Authority will be reflected in the lease payments of the District. Any surpluses of the Corporation and the Authority revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation and the Authority.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

C - Scope of Public Service and Financial Presentation

1. The Corporation and the Authority were created for the sole purpose of financially assisting the District.
2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Authority was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to the California Government Code, commencing with Section 6500. The Corporation and the Authority were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation and Authority facilities. When the Authority's Lease Revenue Bonds have been paid with state reimbursements and the District's developer fees, title of all Corporation and Authority property will pass to the District for no additional consideration.
3. The Corporation's and the Authority's financial activity is presented in the financial statements in the Building Fund. Lease Revenue Bonds issued by the Authority are included in the government-wide financial statements. There are currently no outstanding Certificates of Participation under the Corporation as of June 30, 2018.

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

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

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds:

1. General Fund:

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

2. Building Fund:

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

3. Bond Interest and Redemption Fund:

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

B - Other Funds:

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

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

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds. The District also has a Warrant Pass-Through Fund reported in the agency funds.

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

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was required as of June 30, 2018.

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

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 133,817,733</u>	<u>\$ 38,282,216</u>	<u>\$ 172,099,949</u>
Deferred inflows of resources	<u>\$ 42,288,000</u>	<u>\$ 2,568,000</u>	<u>\$ 44,856,000</u>
Net pension liability	<u>\$ 344,390,000</u>	<u>\$ 123,753,000</u>	<u>\$ 468,143,000</u>
Pension expense	<u>\$ 38,537,873</u>	<u>\$ 12,431,752</u>	<u>\$ 50,969,625</u>

Compensated Absences: Compensated absences totaling \$4,216,117 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service repayments represents the portion of net position which the District plans to expend on debt repayment in the ensuing year. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for scholarships represents the portion of net position to be used to provide financial assistance to students of the District. It is the District's policy to first use restricted net position when allowable expenditures are incurred.
3. Unrestricted Net Position – All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2018, the District had no committed fund balances.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D - Assigned Fund Balance:**

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2018, no such designation has occurred.

**E - Unassigned Fund Balance:**

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

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

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2018, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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

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

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncement:** In June 2015, the Government Accounting Standards Board (GASB) issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated by \$525,639,162 because of the recognition of the net OPEB liability and related deferred outflows of resources.

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments at June 30, 2018 are reported at fair value and consisted of the following:

	Governmental Activities			Fiduciary Activities
	Governmental Funds	Proprietary Fund	Total	
Pooled Funds:				
Cash in County Treasury	<u>\$177,955,413</u>	<u>\$ 10,349,432</u>	<u>\$188,304,845</u>	<u>\$ 47,878,392</u>
Deposits:				
Cash on hand and in banks	2,019,348	693	2,020,041	1,739,751
Cash in revolving fund	<u>227,000</u>	<u>-</u>	<u>227,000</u>	<u>-</u>
Total deposits	<u>2,246,348</u>	<u>693</u>	<u>2,247,041</u>	<u>1,739,751</u>
Investments:				
Cash with Fiscal Agent	<u>129,090,586</u>	<u>250,000</u>	<u>129,340,586</u>	<u>-</u>
Total cash and investments	<u>\$309,292,347</u>	<u>\$ 10,600,125</u>	<u>\$319,892,472</u>	<u>\$ 49,618,143</u>

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

**Deposits - Custodial Credit Risk:** The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts was \$3,986,792 and the bank balance was \$2,459,090. \$951,598 of the bank balance was FDIC insured and \$1,507,492 remained uninsured.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

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

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2018, 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, 2018, the District had no concentration of credit risk.

**NOTE 3 – INTERFUND TRANSACTIONS**

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

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2018 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 4,117,257	\$ 748,233
Non-Major Funds:		
Charter Schools	237,843	152,513
Adult Education	450,141	748,179
Child Development	11	2,197,260
Cafeteria	75,647	1,030,225
Deferred Maintenance	-	538
Self-Insurance	-	3,951
	<u>                    </u>	<u>                    </u>
Totals	<u>\$ 4,880,899</u>	<u>\$ 4,880,899</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 3 – INTERFUND TRANSACTIONS (Continued)**

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

Transfers for the 2017-2018 fiscal year were as follows:

Transfer from the General Fund to the Charter Schools Fund to sustain Sacramento New Tech Charter School.	\$ 237,620
Transfer from the General Fund to the Charter School Fund for the district-wide school climate survey incentive.	2,000
Transfer from the General Fund to the Charter School Fund for revenue from civic permits generated at New Joseph Bonnheim Community Charter.	78
Transfer from the General Fund to the Adult Education Fund for contribution for parent education for preschool classes.	444,689
Transfer from the General Fund to the Adult Education Fund for contribution to graphic arts.	573
Transfer from the General Fund to the Child Development Fund to sustain child development programs.	502,296
Transfer from the General Fund to the Cafeteria Fund to reimburse child nutrition for bad debt for negative meal accounts.	60,771
Transfer from the Charter Schools Fund to the General Fund for Charter Fees.	1,719,653
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	10,048
Transfer from the Adult Education Fund to General Fund for indirect costs.	77,609
Transfer from the Child Development Fund to the General Fund for indirect costs.	971,347
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	<u>977,244</u>
	<u><u>\$ 5,003,928</u></u>

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 4 – CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2018 is shown below:

	Balance July 1, <u>2017</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2018</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 19,790,495	\$ 1,490,000	\$ 57,000	\$ 21,223,495
Work-in-process	38,255,180	15,428,057	35,343,341	18,339,896
Depreciable:				
Buildings	799,596,566	48,384,388	1,036,727	846,944,227
Site improvements	166,583,416	7,810,945	289,819	174,104,542
Equipment	<u>53,072,435</u>	<u>5,083,656</u>	<u>1,309,812</u>	<u>56,846,279</u>
Totals, at cost	<u>1,077,298,092</u>	<u>78,197,046</u>	<u>38,036,699</u>	<u>1,117,458,439</u>
Less accumulated depreciation:				
Buildings	(400,023,849)	(22,638,717)	(999,916)	(421,662,650)
Site improvements	(86,652,769)	(7,820,454)	(289,819)	(94,183,404)
Equipment	<u>(36,425,135)</u>	<u>(5,193,539)</u>	<u>(1,296,961)</u>	<u>(40,321,713)</u>
Total accumulated depreciation	<u>(523,101,753)</u>	<u>(35,652,710)</u>	<u>(2,586,696)</u>	<u>(556,167,767)</u>
Capital assets, net	<u>\$ 554,196,339</u>	<u>\$ 42,544,336</u>	<u>\$ 35,450,003</u>	<u>\$ 561,290,672</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 31,753,656
Food services	297,966
All other pupil services	885,230
Community services	244,437
All other general administration	2,085,788
Plant services	<u>385,633</u>
Total depreciation expense	<u>\$ 35,652,710</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 5 – SELF-INSURANCE CLAIMS**

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

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

District management recomputes the liability annually using available updated claims data. Annually, the District obtains an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The liability for workers compensation is based on an actuarial study dated March 7, 2018 and April 10, 2017 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

	June 30, <u>2017</u>	June 30, <u>2018</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 1,173,483	\$ 755,880
Total incurred claims and claim adjustment expenses	14,134,850	13,833,807
Total payments	<u>(14,552,453)</u>	<u>(14,046,683)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 755,880</u>	<u>\$ 543,004</u>

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 6 – LONG-TERM LIABILITIES**

General Obligation Bonds

A summary of General Obligation Bonds payable as of June 30, 2018 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2017</u>	<u>Current Year Issuance</u>	<u>Current Year Refunded &amp; Matured</u>	<u>Balance June 30, 2018</u>
2007 - CA	4.6 - 4.8%	2032	\$ 26,077,966	\$ -	\$ -	\$ 26,077,966
2011	0.5 - 5.5%	2029	55,990,000	-	4,460,000	51,530,000
2012	2.0 - 5.3%	2031	93,530,000	-	5,600,000	87,930,000
2013 - A	2.0 - 5.0%	2038	12,740,000	-	355,000	12,385,000
2013 - B	5.7%	2038	40,000,000	-	-	40,000,000
2014	2.0 - 5.0%	2027	40,185,000	-	2,455,000	37,730,000
2015	2.0 - 5.0%	2030	32,575,000	-	2,285,000	30,290,000
2015 C1	2.0 - 5.0%	2041	66,260,000	-	-	66,260,000
2015 C2	0.7 - 1.2%	2033	11,490,000	-	11,490,000	-
2016	2.0-4.0%	2041	14,000,000	-	590,000	13,410,000
2017 - E	3.0-5.0%	2047	112,000,000	-	-	112,000,000
2017 - C	3.0-5.0%	2047	10,000,000	-	-	10,000,000
			<u>\$ 514,847,966</u>	<u>\$ -</u>	<u>\$ 27,235,000</u>	<u>\$ 487,612,966</u>

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

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 33,435,000	\$ 20,929,276	\$ 54,364,276
2020	24,200,000	19,808,126	44,008,126
2021	23,155,000	18,771,601	41,926,601
2022	24,475,000	17,667,576	42,142,576
2023	18,515,000	16,489,226	35,004,226
2024-2028	120,882,711	83,000,138	203,882,849
2029-2033	90,860,255	67,970,683	158,830,938
2034-2038	44,410,000	29,518,325	73,928,325
2039-2043	79,805,000	9,872,238	89,677,238
2044-2047	<u>27,875,000</u>	<u>2,819,000</u>	<u>30,694,000</u>
	<u>\$ 487,612,966</u>	<u>\$ 286,846,189</u>	<u>\$ 774,459,155</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

On June 30, 2011, the District issued 2011 General Obligation Refunding Bonds totaling \$79,585,000. Bond proceeds were used to refund a portion of the District's 1999 Series B, 1999 Series C, and General Obligation Refunding Bonds, Series 2001. The refunded bonds were paid off as of June 30, 2018.

On June 14, 2012, the District issued 2012 General Obligation Refunding Bonds totaling \$113,245,000. Bond proceeds were used to advance refund all of the District's 1999 Series B, 1999 Series C, General Obligation Refunding Bonds, Series 2001, and the 2002 Series A. Proceeds were also used to advance refund a portion of the District's 1999 Series D Bonds. The refunded bonds were paid off as of June 30, 2018.

On January 15, 2014, the District issued 2014 General Obligation Refunding Bonds totaling \$44,535,000. Bond proceeds were used to refund a portion of the District's 2002 General Obligation Bonds, Series 2005. The refunded bonds were paid off as of June 30, 2018.

On January 8, 2015, the District issued 2015 General Obligation Refunding Bonds totaling \$32,740,000. Bond proceeds were used to refund the District's 2002, General Obligation Bonds, Series 2005 and 2007. The refunded bonds were paid off as of June 30, 2016.

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

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

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

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,245,000	\$ 1,845,250	\$ 4,090,250
2020	2,370,000	1,733,000	4,103,000
2021	2,495,000	1,614,500	4,109,500
2022	2,625,000	1,489,750	4,114,750
2023	2,770,000	1,358,500	4,128,500
2024-2028	6,175,000	5,039,750	11,214,750
2029-2033	-	4,556,250	4,556,250
2034-2038	12,370,000	3,379,250	15,749,250
2039-2040	<u>5,855,000</u>	<u>442,750</u>	<u>6,297,750</u>
	<u>\$ 36,905,000</u>	<u>\$ 21,459,000</u>	<u>\$ 58,364,000</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 200,000	\$ 1,172,194	\$ 1,372,194
2020	200,000	1,164,014	1,364,014
2021	200,000	1,155,834	1,355,834
2022	200,000	1,147,654	1,347,654
2023	200,000	1,139,474	1,339,474
2024-2028	11,075,000	5,182,644	16,257,644
2029-2033	<u>16,585,000</u>	<u>1,810,050</u>	<u>18,395,050</u>
	<u>\$ 28,660,000</u>	<u>\$ 12,771,864</u>	<u>\$ 41,431,864</u>

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

Year Ending <u>June 30,</u>	<u>Lease Payments</u>
2019	\$ 32,405
2020	<u>2,866</u>
Total payments	35,271
Less amount representing interest	<u>(808)</u>
Net minimum lease payments	<u>\$ 34,463</u>

**Schedule of Changes in Long-Term Liabilities:** A schedule of changes in long-term liabilities for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017, <u>as restated</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2018	Amounts Due Within <u>One Year</u>
Governmental activities:					
General Obligation Bonds	\$ 514,847,966	\$ -	\$ 27,235,000	\$ 487,612,966	\$ 33,435,000
Accreted interest	14,610,918	1,922,468	-	16,533,386	-
Lease Revenue Bonds	67,920,000	-	2,355,000	65,565,000	2,445,000
Premium on issuance	39,164,880	-	2,467,442	36,697,438	2,467,442
Capitalized lease obligations	98,039	-	63,576	34,463	31,597
Net Pension Liability (Notes 8 & 9)	405,079,000	63,064,000	-	468,143,000	-
Net OPEB liability (Note 10)	809,220,740	-	83,460,282	725,760,458	27,000,000
Compensated absences	<u>8,344,641</u>	<u>-</u>	<u>4,128,524</u>	<u>4,216,117</u>	<u>4,216,117</u>
	<u>\$ 1,859,286,184</u>	<u>\$ 64,986,468</u>	<u>\$ 119,709,824</u>	<u>\$ 1,804,562,828</u>	<u>\$ 69,595,156</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

**NOTE 6 – LONG-TERM LIABILITIES (Continued)**

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

**NOTE 7 – FUND BALANCES**

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Building Fund	Bond Interest Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 225,000	\$ -	\$ -	\$ 2,000	\$ 227,000
Stores inventory	108,722	-	-	450,718	559,440
Prepaid expenditures	<u>12,730</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>13,380</u>
Subtotal nonspendable	<u>346,452</u>	<u>-</u>	<u>-</u>	<u>453,368</u>	<u>799,820</u>
Restricted:					
Legally restricted programs	10,224,116	-	-	14,134,704	24,358,820
Capital projects	-	147,183,197	-	18,168,856	165,352,053
Debt service	<u>-</u>	<u>-</u>	<u>39,273,247</u>	<u>-</u>	<u>39,273,247</u>
Subtotal restricted	<u>10,224,116</u>	<u>147,183,197</u>	<u>39,273,247</u>	<u>32,303,560</u>	<u>228,984,120</u>
Assigned:					
Cover Deficit Spending in Future Years	33,788,013	-	-	-	33,788,013
Textbook Adoption	6,000,000	-	-	-	6,000,000
Special Education	<u>129,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,037</u>
Subtotal assigned	<u>39,917,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,917,050</u>
Unassigned:					
Designated for economic uncertainty	<u>20,013,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,013,133</u>
Total fund balances	<u>\$ 70,500,751</u>	<u>\$ 147,183,197</u>	<u>\$ 39,273,247</u>	<u>\$ 32,756,928</u>	<u>\$ 289,714,123</u>

(Continued)

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

*General Information about the State Teachers' Retirement Plan*

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

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

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

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

*CalSTRS 2% at 60*

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

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

*CalSTRS 2% at 62*

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

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

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

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

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% as 62 members will increase by 1 percent effective July 1, 2018.

*Employers* – 14.43 percent of applicable member earnings.

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

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

The District contributed \$29,172,733 to the plan for the fiscal year ended June 30, 2018.

*State* - 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

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

(1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.

(2) In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.

(3) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.

(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 344,390,000
State's proportionate share of the net pension liability associated with the District	<u>203,739,000</u>
Total	<u><u>\$ 548,129,000</u></u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2017, the District's proportion was 0.372 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$38,537,873 and revenue of \$20,247,271 for support provided by the State. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,274,000	\$ 6,007,000
Changes of assumptions	63,802,000	-
Net differences between projected and actual earnings on investments	-	9,172,000
Changes in proportion and differences between District contributions and proportionate share of contributions	39,569,000	27,109,000
Contributions made subsequent to measurement date	<u>29,172,733</u>	<u>-</u>
Total	<u><u>\$ 133,817,733</u></u>	<u><u>\$ 42,288,000</u></u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

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

\$29,172,733 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended <u>June 30,</u>	
2019	\$ 5,166,917
2020	\$ 18,564,917
2021	\$ 13,626,916
2022	\$ 4,645,250
2023	\$ 7,144,000
2024	\$ 13,209,000

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

<u>Assumption</u>	<u>Measurement period</u>	
	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

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

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

\* 20-year geometric average

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

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

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

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District’s proportionate share of the net pension liability	<u>\$505,674,000</u>	<u>\$344,390,000</u>	<u>\$213,497,000</u>

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

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

*General Information about the Public Employer’s Retirement Fund B*

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

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

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.pdf>

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018 were as follows:

*Members* - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

*Employers* - The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed \$11,256,216 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of \$123,753,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2017, the District's proportion was 0.518 percent, which was a decrease of 0.015 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$12,431,752. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,434,000	\$ -
Changes of assumptions	18,076,000	1,457,000
Net differences between projected and actual earnings on investments	4,281,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	235,000	1,111,000
Contributions made subsequent to measurement date	<u>11,256,216</u>	<u>-</u>
Total	<u>\$ 38,282,216</u>	<u>\$ 2,568,000</u>

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

\$11,256,216 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	\$ 6,723,083
2020	\$ 11,608,083
2021	\$ 8,471,084
2022	\$ (2,344,250)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

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

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

<u>Asset Class</u>	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1 - 10 (1)	Expected Real Rate of Return Years 11+ (2)
Global Equity	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

\* 10-year geometric average

(1) An expected inflation rate of 2.50% used for this period

(2) An expected inflation rate of 3.00% used for this period

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

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

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District’s proportionate share of the net pension liability	<u>\$ 182,081,000</u>	<u>\$ 123,753,000</u>	<u>\$ 75,366,000</u>

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

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

*General Information - Other Postemployment Benefits Plan (OPEB)*

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

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

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

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

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	3,114
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	<u>4,379</u>
	<u><u>7,493</u></u>

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

Contributions to the Plan from the District were \$33,078,830 for the year ended June 30, 2018.

OPEB Plan Investments: The plan discount rate of 3.56% was determined using the following asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return 1 Year</u>	<u>Expected Real Rate of Return 3 Year</u>
Global Equity	57%	19.4%	5.2%
Fixed Income	27	0.3	4.3
Treasury Inflation-Protected Securities	5	(0.6)	0.6
Real Estate Investment Trusts	8	(0.1)	3.9
Commodities	3	(8.9)	(24.8)

\*Geometric average

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

Money-weighted rate of return on OPEB plan investments	10.70%
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The money-weighted rate of return expresses investment performance, net of OPEB plan investment expenses, adjusted for the changing amounts actually invested.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

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

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

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Funding Method	Entry age normal, level percent of pay
General Inflation Rate	2.75%
Long Term Return on Assets	7.25% as of June 30, 2016 and June 30, 2017, net of plan investment expenses and including inflation
Discount rate	2.92% as of June 30, 2016 3.56% as of June 30, 2017 (use of Fidelity 20 year AA GO Municipal Bond Index)
Salary increase	3.25% per year, used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used as a component of assumed salary increases
Health care cost trend rate	7.50% for 2018 and 2019, decreasing 0.5 percent per year thereafter to an ultimate rate of 5.00% for year 2024 and later years.
Mortality	For certificated employees the 2011 CalSTRS mortality tables were used For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Participation Rate	Active Employees: 100% of active benefits-eligible employees who qualify for District paid retiree premiums are assumed to elect to continue their current plan coverage in retirement. Those not currently covered are assumed to elect as follows: 1) Waiving SCTA Actives - SCTA Opt-Out Subsidy; 2) Waiving Non-SCTA Actives - Kaiser HMO (Mgmt/Class) 15% of active employees who qualify access to coverage in retirement, but not for District paid premiums are assumed to continue medical coverage in retirement. Retired Participants: Existing medical plan elections are assumed to be continued until age 65 (Medicare eligibility)

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2017	<u>\$832,507,858</u>	<u>\$ 23,287,118</u>	<u>\$809,220,740</u>
Changes for the year:			
Service cost	33,273,763	-	33,273,763
Interest	24,982,078	-	24,982,078
Assumption changes	(89,783,252)	-	(89,783,252)
Employer contributions	-	48,000,844	(48,000,844)
Interest income	-	2,685,893	(2,685,893)
Investment gains	-	1,265,580	(1,265,580)
Administrative expense	-	(19,446)	19,446
Benefit payments	<u>(20,462,037)</u>	<u>(20,462,037)</u>	<u>-</u>
Net change	(51,989,448)	31,470,834	(83,460,282)
Balance, June 30, 2018	<u>\$780,518,410</u>	<u>\$ 54,757,952</u>	<u>\$725,760,458</u>

The changes in assumptions include a change in the discount rate from 2.92% in the prior valuation, to 3.56% in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2018, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 3.56 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.56 percent) and 1 percent higher (4.56%):

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability	<u>\$ 872,495,347</u>	<u>\$ 725,760,458</u>	<u>\$ 609,869,579</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

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

	1% Decrease (6.50%)	Healthcare Cost Trend Rates Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability	<u>\$ 577,537,037</u>	<u>\$ 725,760,458</u>	<u>\$ 938,324,398</u>

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$41,814,704. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	76,261,678
Net differences between projected and actual earnings on investments	-	1,012,464
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	<u>33,078,830</u>	<u>-</u>
Total	<u>\$ 33,078,830</u>	<u>\$ 77,274,142</u>

\$33,078,830 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended <u>June 30,</u>	
2019	\$ (13,774,690)
2020	\$ (13,774,690)
2021	\$ (13,774,690)
2022	\$ (13,774,690)
2023	\$ (13,521,574)
Thereafter	\$ (8,653,808)

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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

Differences between projected and actual earnings on investment are amortized over a closed period of 4 years as of the June 30, 2017 measurement date. Changes in assumptions are amortized over a closed period of 6.64 years as of the June 30, 2017 measurement date.

**NOTE 11 – JOINT POWERS AGREEMENTS**

Schools Insurance Authority: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The joint powers agency is to be self-sustaining through member premiums. SIA enters into insurance agreements for coverage above self-insured retention layers, whereby it cedes various amounts of risk to other insurance companies or joint power authorities. SIA's Property, Liability and Workers' Compensation Programs provide self-insured retention of \$100,000, \$750,000 and \$1,000,000 per incident, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information for SIA at June 30, 2018:

Total assets	\$ 156,099,265
Deferred outflows	\$ 2,183,259
Total liabilities	\$ 78,395,474
Deferred inflows	\$ 438,183
Total net position	\$ 79,448,867
Total revenues	\$ 64,932,531
Total expenses	\$ 59,366,494
Change in net position	\$ 5,566,037

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

**NOTE 12 – CONTINGENCIES**

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

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

At June 30, 2018 the District had approximately \$1,354,786 in outstanding construction contract commitments.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

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**NOTE 13 – SUBSEQUENT EVENT**

On July 25, 2018, the District issued General Obligation Bonds, Election of 2012 (Measure Q), 2018 Series F, totaling \$10,000,000 for the purposes of the bond measure passed by voters on November 6, 2012, Measure Q. The 2018 General Obligation Bonds mature in varying amounts during the succeeding year through August 2024 with an interest rate of 2.46%.

**REQUIRED SUPPLEMENTARY INFORMATION**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2018

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
LCFF:				
State apportionment	\$ 293,695,389	\$ 286,980,174	\$ 287,546,461	\$ 566,287
Local sources	<u>73,670,317</u>	<u>85,807,376</u>	<u>85,807,376</u>	<u>-</u>
Total LCFF	<u>367,365,706</u>	<u>372,787,550</u>	<u>373,353,837</u>	<u>566,287</u>
Federal sources	51,515,753	58,150,761	49,249,342	(8,901,419)
Other state sources	56,275,406	69,619,793	70,050,430	430,637
Other local sources	<u>4,962,063</u>	<u>11,193,466</u>	<u>11,881,019</u>	<u>687,553</u>
Total revenues	<u>480,118,928</u>	<u>511,751,570</u>	<u>504,534,628</u>	<u>(7,216,942)</u>
Expenditures:				
Current:				
Certificated salaries	197,337,618	197,720,844	196,143,370	1,577,474
Classified salaries	61,159,475	64,766,144	63,562,086	1,204,058
Employee benefits	160,938,613	160,770,978	160,839,811	(68,833)
Books and supplies	21,569,264	24,773,683	19,147,391	5,626,292
Contract services and operating expenditures	55,550,675	72,287,223	71,049,494	1,237,729
Other outgo	-	-	659,827	(659,827)
Capital outlay	2,665,254	6,430,486	2,202,829	4,227,657
Debt service:				
Principal retirement	-	2,220,292	2,218,576	1,716
Interest	<u>2,836,450</u>	<u>2,183,459</u>	<u>2,185,174</u>	<u>(1,715)</u>
Total expenditures	<u>502,057,349</u>	<u>531,153,109</u>	<u>518,008,558</u>	<u>13,144,551</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(21,938,421)</u>	<u>(19,401,539)</u>	<u>(13,473,930)</u>	<u>5,927,609</u>
Other financing sources (uses):				
Transfers in	3,413,895	3,515,921	3,755,901	239,980
Transfers out	<u>(1,730,000)</u>	<u>(2,341,129)</u>	<u>(1,248,027)</u>	<u>1,093,102</u>
Total other financing sources (uses)	<u>1,683,895</u>	<u>1,174,792</u>	<u>2,507,874</u>	<u>1,333,082</u>
Change in fund balance	(20,254,526)	(18,226,747)	(10,966,056)	7,260,691
Fund balance, July 1, 2017	<u>81,466,807</u>	<u>81,466,807</u>	<u>81,466,807</u>	<u>-</u>
Fund balance, June 30, 2018	<u>\$ 61,212,281</u>	<u>\$ 63,240,060</u>	<u>\$ 70,500,751</u>	<u>\$ 7,260,691</u>

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	<u>2018</u>
<b>TOTAL OPEB LIABILITY</b>	
Service cost	\$ 33,273,763
Interest on total OPEB liability	24,982,078
Changes of assumptions	(89,783,252)
Benefit payments	<u>(20,462,037)</u>
Net change in total OPEB liability	(51,989,448)
Total OPEB liability - beginning of year (a)	<u>832,507,858</u>
Total OPEB liability - end of year (b)	<u><u>\$ 780,518,410</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 48,000,844
Net investment income	3,951,473
Administrative expenses	(19,446)
Benefit payments	<u>(20,462,037)</u>
Change in plan fiduciary net position	31,470,834
Fiduciary trust net position - beginning of year (c)	<u>23,287,118</u>
Fiduciary trust net position - end of year (d)	<u><u>\$ 54,757,952</u></u>
Net OPEB liability - beginning (a) - (c)	<u><u>\$ 809,220,740</u></u>
Net OPEB liability - ending (b) - (d)	<u><u>\$ 725,760,458</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	7%
Covered employee payroll	\$ 263,777,849
Net OPEB liability as a percentage of covered employee payroll	275%

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB  
For the Year Ended June 30, 2018

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Other Postemployment Benefits  
Last 10 Fiscal Years

	<u>2018*</u>
Actuarially determined contribution	\$ 41,766,451
Contributions in relation to the actuarially determined contribution	<u>(33,078,830)</u>
Contribution deficiency (excess)	<u>\$ 8,687,621</u>
Covered employee payroll	\$284,495,904
Contributions as a percentage of covered employee payroll	11.63%

\*The ADC for the District's fiscal year end June 30, 2018 was determined as part of the June 30, 2016 valuation using a 7.25% discount rate.

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON OPEB PLAN INVESTMENTS  
For the Year Ended June 30, 2018

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Last 10 Fiscal Years

	<u>2018</u>
Money-weighted rate of return on OPEB plan investments	10.70%

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

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See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2018

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State Teachers' Retirement Plan  
Last 10 Fiscal Years

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

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

All years prior to 2015 are not available.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
 SHARE OF THE NET PENSION LIABILITY  
 For the Year Ended June 30, 2018

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Public Employer's Retirement Fund B  
 Last 10 Fiscal Years

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

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

All years prior to 2015 are not available.

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See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
 For the Year Ended June 30, 2018

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State Teachers' Retirement Plan  
 Last 10 Fiscal Years

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

All years prior to 2015 are not available.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2018

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Public Employer's Retirement Fund B  
Last 10 Fiscal Years

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

All years prior to 2015 are not available.

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See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2018

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**NOTE 1 - PURPOSE OF SCHEDULES**

A - Budgetary Comparison Schedule

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

B - Schedule of Changes in Net OPEB Liability and Related Ratios

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

C - Schedule of the District's Contributions - OPEB

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

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

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

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

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

F - Schedule of the District's Contributions

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

G - Changes of Benefit Terms

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
(Continued)  
June 30, 2018

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**NOTE 1 – PURPOSE OF SCHEDULES** (Continued)

H - Changes of Assumptions

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

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

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

<u>Assumption</u>	As of June 30, <u>2017</u>	<u>Measurement period</u>	
		As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR FUNDS  
 June 30, 2018

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Developer Fees Fund	Community Facilities Fund	Total
<b>ASSETS</b>								
Cash in County Treasury	\$ 3,318,675	\$ 11,551	\$ 1,171,088	\$ 4,871,760	\$ 5,383	\$ 13,248,125	\$ 3,512,684	\$ 26,139,266
Cash on hand and in banks	11,236	-	-	438,638	-	1,288,034	-	1,737,908
Cash in revolving account	-	-	-	2,000	-	-	-	2,000
Receivables	24,557	168,771	766,471	6,865,011	538	131,665	21,094	7,978,107
Due from grantor government	186,968	349,450	1,512,497	749	-	-	-	2,049,664
Due from other funds	237,843	450,141	11	75,647	-	-	-	763,642
Prepaid expenditures	-	-	-	650	-	-	-	650
Stores inventory	-	-	-	450,718	-	-	-	450,718
<b>Total assets</b>	<b><u>\$ 3,779,279</u></b>	<b><u>\$ 979,913</u></b>	<b><u>\$ 3,450,067</u></b>	<b><u>\$ 12,705,173</u></b>	<b><u>\$ 5,921</u></b>	<b><u>\$ 14,667,824</u></b>	<b><u>\$ 3,533,778</u></b>	<b><u>\$ 39,121,955</u></b>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 236,981	\$ 230,734	\$ 534,128	\$ 461,448	\$ 5,383	\$ 3,883	\$ 28,863	\$ 1,501,420
Unearned revenue	24,797	1,000	702,383	6,712	-	-	-	734,892
Due to other funds	152,513	748,179	2,197,260	1,030,225	538	-	-	4,128,715
<b>Total liabilities</b>	<b><u>414,291</u></b>	<b><u>979,913</u></b>	<b><u>3,433,771</u></b>	<b><u>1,498,385</u></b>	<b><u>5,921</u></b>	<b><u>3,883</u></b>	<b><u>28,863</u></b>	<b><u>6,365,027</u></b>
Fund balances:								
Nonspendable	-	-	-	453,368	-	-	-	453,368
Restricted	3,364,988	-	16,296	10,753,420	-	14,663,941	3,504,915	32,303,560
<b>Total fund balances</b>	<b><u>3,364,988</u></b>	<b><u>-</u></b>	<b><u>16,296</u></b>	<b><u>11,206,788</u></b>	<b><u>-</u></b>	<b><u>14,663,941</u></b>	<b><u>3,504,915</u></b>	<b><u>32,756,928</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,779,279</u></b>	<b><u>\$ 979,913</u></b>	<b><u>\$ 3,450,067</u></b>	<b><u>\$ 12,705,173</u></b>	<b><u>\$ 5,921</u></b>	<b><u>\$ 14,667,824</u></b>	<b><u>\$ 3,533,778</u></b>	<b><u>\$ 39,121,955</u></b>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
 ALL NON-MAJOR FUNDS  
 For the Year Ended June 30, 2018

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Developer Fees Fund	Community Facilities Fund	Total
<b>Revenues:</b>								
LCFF	\$ 16,549,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,549,486
Federal sources	324,263	1,879,942	12,065,918	22,320,550	-	-	-	36,590,673
Other state sources	1,559,459	1,884,371	8,620,557	1,432,826	-	-	-	13,497,213
Other local sources	<u>64,029</u>	<u>4,051,472</u>	<u>2,336,866</u>	<u>1,242,027</u>	<u>1,387</u>	<u>6,499,081</u>	<u>1,722,258</u>	<u>15,917,120</u>
Total revenues	<u>18,497,237</u>	<u>7,815,785</u>	<u>23,023,341</u>	<u>24,995,403</u>	<u>1,387</u>	<u>6,499,081</u>	<u>1,722,258</u>	<u>82,554,492</u>
<b>Expenditures:</b>								
<b>Current:</b>								
Certificated salaries	8,098,192	2,366,532	8,013,572	-	-	-	-	18,478,296
Classified salaries	1,293,225	1,677,777	5,515,149	7,324,896	-	-	-	15,811,047
Employee benefits	5,530,743	2,418,583	9,602,346	4,488,674	-	-	-	22,040,346
Books and supplies	644,981	314,991	361,881	10,883,798	21,348	11,087	71,584	12,309,670
Contract services and operating expenditures	2,085,149	1,844,230	342,929	279,085	52,456	13,563	13,467	4,630,879
Capital outlay	10,768	29,003	-	742,331	88,196	324,383	541,355	1,736,036
<b>Debt service:</b>								
Principal retirement	-	-	-	-	-	200,000	-	200,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>930,374</u>	<u>-</u>	<u>930,374</u>
Total expenditures	<u>17,663,058</u>	<u>8,651,116</u>	<u>23,835,877</u>	<u>23,718,784</u>	<u>162,000</u>	<u>1,479,407</u>	<u>626,406</u>	<u>76,136,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>834,179</u>	<u>(835,331)</u>	<u>(812,536)</u>	<u>1,276,619</u>	<u>(160,613)</u>	<u>5,019,674</u>	<u>1,095,852</u>	<u>6,417,844</u>
<b>Other financing sources (uses):</b>								
Transfers in	239,698	445,262	502,296	60,771	-	-	-	1,248,027
Transfers out	<u>(1,729,701)</u>	<u>(77,609)</u>	<u>(971,347)</u>	<u>(977,244)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,755,901)</u>
Total other financing sources (uses)	<u>(1,490,003)</u>	<u>367,653</u>	<u>(469,051)</u>	<u>(916,473)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,507,874)</u>
Net change in fund balances	(655,824)	(467,678)	(1,281,587)	360,146	(160,613)	5,019,674	1,095,852	3,909,970
Fund balances, July 1, 2017	<u>4,020,812</u>	<u>467,678</u>	<u>1,297,883</u>	<u>10,846,642</u>	<u>160,613</u>	<u>9,644,267</u>	<u>2,409,063</u>	<u>28,846,958</u>
Fund balances, June 30, 2018	<u>\$ 3,364,988</u>	<u>\$ -</u>	<u>\$ 16,296</u>	<u>\$ 11,206,788</u>	<u>\$ -</u>	<u>\$ 14,663,941</u>	<u>\$ 3,504,915</u>	<u>\$ 32,756,928</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 STUDENT BODY FUNDS  
 For the Year Ended June 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
<b>Student Body Funds</b>				
<u>C.K. McClatchy High School</u>				
Assets:				
Cash on hand and in banks	\$ 115,146	\$ 276,447	\$ 245,315	\$ 146,278
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 115,146</u>	<u>\$ 276,447</u>	<u>\$ 245,315</u>	<u>\$ 146,278</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>115,146</u>	<u>276,447</u>	<u>245,315</u>	<u>146,278</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 115,146</u>	<u>\$ 276,447</u>	<u>\$ 245,315</u>	<u>\$ 146,278</u>
 <u>Hiram Johnson High School</u>				
Assets:				
Cash on hand and in banks	\$ 74,271	\$ 113,138	\$ 113,997	\$ 73,412
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 74,271</u>	<u>\$ 113,138</u>	<u>\$ 113,997</u>	<u>\$ 73,412</u>
Liabilities:				
Accounts payable	\$ 1,058	\$ -	\$ 1,058	\$ -
Due to student groups	<u>73,213</u>	<u>113,138</u>	<u>112,939</u>	<u>73,412</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 74,271</u>	<u>\$ 113,138</u>	<u>\$ 113,997</u>	<u>\$ 73,412</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 STUDENT BODY FUNDS  
 For the Year Ended June 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
<u>Luther Burbank High School</u>				
Assets:				
Cash on hand and in banks	\$ 98,898	\$ 205,328	\$ 200,067	\$ 104,159
Receivables	-	-	-	-
Stores inventory	465	1,043	-	1,508
Other assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 99,363</u>	<u>\$ 206,371</u>	<u>\$ 200,067</u>	<u>\$ 105,667</u>
Liabilities:				
Accounts payable	\$ 159	\$ 364	\$ 523	\$ -
Due to student groups	<u>99,204</u>	<u>206,007</u>	<u>199,544</u>	<u>105,667</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 99,363</u>	<u>\$ 206,371</u>	<u>\$ 200,067</u>	<u>\$ 105,667</u>
<u>John F. Kennedy High School</u>				
Assets:				
Cash on hand and in banks	\$ 172,573	\$ 255,659	\$ 293,414	\$ 134,818
Receivables	110	-	-	110
Stores inventory	-	-	-	-
Other assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 172,683</u>	<u>\$ 255,659</u>	<u>\$ 293,414</u>	<u>\$ 134,928</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>172,683</u>	<u>255,659</u>	<u>293,414</u>	<u>134,928</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 172,683</u>	<u>\$ 255,659</u>	<u>\$ 293,414</u>	<u>\$ 134,928</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 STUDENT BODY FUNDS  
 For the Year Ended June 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
<u>Rosemont High School</u>				
Assets:				
Cash on hand and in banks	\$ 74,835	\$ 159,935	\$ 151,677	\$ 83,093
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 74,835</u>	<u>\$ 159,935</u>	<u>\$ 151,677</u>	<u>\$ 83,093</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>74,835</u>	<u>159,935</u>	<u>151,677</u>	<u>83,093</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 74,835</u>	<u>\$ 159,935</u>	<u>\$ 151,677</u>	<u>\$ 83,093</u>
<u>Hiram Johnson West Campus</u>				
Assets:				
Cash on hand and in banks	\$ 164,263	\$ 283,804	\$ 295,619	\$ 152,448
Receivables	-	-	-	-
Stores inventory	1,728	2,419	-	4,147
Other assets	667	-	667	-
	<u>667</u>	<u>-</u>	<u>667</u>	<u>-</u>
Total assets	<u>\$ 166,658</u>	<u>\$ 286,223</u>	<u>\$ 296,286</u>	<u>\$ 156,595</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>166,658</u>	<u>286,223</u>	<u>296,286</u>	<u>156,595</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 166,658</u>	<u>\$ 286,223</u>	<u>\$ 296,286</u>	<u>\$ 156,595</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 STUDENT BODY FUNDS  
 For the Year Ended June 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
<u>Charles A. Jones Skills and Education Center</u>				
Assets:				
Cash on hand and in banks	\$ 23,605	\$ 5,606	\$ 5,827	\$ 23,384
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 23,605</u>	<u>\$ 5,606</u>	<u>\$ 5,827</u>	<u>\$ 23,384</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>23,605</u>	<u>5,606</u>	<u>5,827</u>	<u>23,384</u>
Total liabilities	<u>\$ 23,605</u>	<u>\$ 5,606</u>	<u>\$ 5,827</u>	<u>\$ 23,384</u>
<u>A. Warren McClaskey Adult Center</u>				
Assets:				
Cash on hand and in banks	\$ 69,540	\$ 42,411	\$ 31,142	\$ 80,809
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 69,540</u>	<u>\$ 42,411</u>	<u>\$ 31,142</u>	<u>\$ 80,809</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>69,540</u>	<u>42,411</u>	<u>31,142</u>	<u>80,809</u>
Total liabilities	<u>\$ 69,540</u>	<u>\$ 42,411</u>	<u>\$ 31,142</u>	<u>\$ 80,809</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES  
 IN ASSETS AND LIABILITIES  
 STUDENT BODY FUNDS  
 For the Year Ended June 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
<u>Elementary and Middle Schools</u>				
Assets:				
Cash on hand and in banks	\$ 478,869	\$ 1,141,827	\$ 1,161,982	\$ 458,714
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 478,869</u>	<u>\$ 1,141,827</u>	<u>\$ 1,161,982</u>	<u>\$ 458,714</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>478,869</u>	<u>1,141,827</u>	<u>1,161,982</u>	<u>458,714</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 478,869</u>	<u>\$ 1,141,827</u>	<u>\$ 1,161,982</u>	<u>\$ 458,714</u>
<u>Total Student Body Funds</u>				
Assets:				
Cash on hand and in banks	\$ 1,272,000	\$ 2,484,155	\$ 2,499,040	\$ 1,257,115
Receivables	110	-	-	110
Stores inventory	2,193	3,462	-	5,655
Other assets	667	-	667	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,274,970</u>	<u>\$ 2,487,617</u>	<u>\$ 2,499,707</u>	<u>\$ 1,262,880</u>
Liabilities:				
Accounts payable	\$ 1,217	\$ 364	\$ 1,581	\$ -
Due to student groups	<u>1,273,753</u>	<u>2,487,253</u>	<u>2,498,126</u>	<u>1,262,880</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 1,274,970</u>	<u>\$ 2,487,617</u>	<u>\$ 2,499,707</u>	<u>\$ 1,262,880</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2018

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Sacramento City Unified School District, a political subdivision of the State of California, was established on July 7, 1936. The territory covered by the District does not include certain areas of the City of Sacramento, but does include some contiguous territory located outside city boundaries, but within Sacramento County boundaries. The District operated forty-one elementary schools (grades K-6), eight elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two adult education centers, two special education centers and forty-four children's centers and preschools, serving infants through age 12. Fifteen charter schools also operated in the District serving kindergarten through grade twelve, five of which were governed by the District Board of Education.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jessie Ryan	President	November 2020
Darrel Woo	Vice President	November 2018
Michael Minnick	Second Vice President	November 2020
Jay Hansen	Member	November 2018
Ellen Cochrane	Member	November 2018
Christina Pritchett	Member	November 2020
Mai Vang	Member	November 2020
Sara Nguyen	Student Member	June 2018*

ADMINISTRATION

Jorge A. Aguilar  
Superintendent

Cathy Allen  
Chief Operations Officer

Lisa Allen  
Deputy Superintendent

Alex Barrios  
Chief Communications Officer

Gerardo Castillo, CPA\*\*  
Chief Business Officer

Vincent Harris  
Chief Continuous Improvement and Accountability Officer

Elliot Lopez  
Chief Information Officer

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2018

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ADMINISTRATION  
(Continued)

Cancy McArn  
Chief Human Resources Officer

Iris Taylor, Ed.D.  
Chief Academic Officer

\*Rachel Halbo voted into office as the student member in June 2018 for the 2018-19 fiscal year.

\*\*Gerardo Castillo resigned effective August 1, 2018. John Quinto, Ed.D., MPA was hired effective August 27, 2018.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
For the Year Ended June 30, 2018

	Second Period <u>Report</u>	Revised Second Period <u>Report</u>	Annual <u>Report</u>
Certificate Number:	9C1077FC	511CE251	1207A31F
Elementary:			
Transitional Kindergarten through Third	12,242	12,247	12,227
Fourth through Sixth	9,344	9,346	9,332
Seventh and Eighth	6,376	6,377	6,365
Special Education	234	234	228
Community Day School	<u>20</u>	<u>20</u>	<u>23</u>
	<u>28,216</u>	<u>28,224</u>	<u>28,175</u>
Secondary:			
Ninth through Twelfth	10,193	10,195	10,058
Special Education	<u>169</u>	<u>169</u>	<u>160</u>
Total Secondary	<u>10,362</u>	<u>10,364</u>	<u>10,218</u>
District ADA Totals	<u><u>38,578</u></u>	<u><u>38,588</u></u>	<u><u>38,393</u></u>
<u>Charter Schools</u>			
Certificate Number:	50969EC7	**	52BBB1BB
Bowling Green Elementary - Classroom-Based:			
Transitional Kindergarten through Third	460	-	460
Fourth through Sixth	<u>319</u>	<u>-</u>	<u>318</u>
Total Bowling Green Elementary Charter	<u>779</u>	<u>-</u>	<u>778</u>
Certificate Number:	59FBC4BF	**	9C604104
George Washington Carver School of Arts and Science - Classroom-Based:			
Ninth through Twelfth	<u>237</u>	<u>-</u>	<u>235</u>
Certificate Number:	5DDA20C7	**	F73FE87C
New Joseph Bonnheim - Classroom-Based:			
Transitional Kindergarten through Third	156	-	154
Fourth through Sixth	<u>106</u>	<u>-</u>	<u>105</u>
Total New Joseph Bonnheim Charter	<u>262</u>	<u>-</u>	<u>259</u>
Certificate Number:	C943DE43	**	5B64F0B3
New Technology High - Classroom-Based:			
Ninth through Twelfth	<u>158</u>	<u>-</u>	<u>159</u>
Certificate Number:	9009EC7C	**	D622F667
The Met Sacramento High School - Non-Classroom-Based:			
Ninth through Twelfth	<u>266</u>	<u>-</u>	<u>266</u>
Total Charter Schools	<u><u>1,702</u></u>	<u><u>-</u></u>	<u><u>1,697</u></u>

\*\*The Charter Schools did not submit revised second period reports.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2018

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2017-2018 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>District</u>				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
Grade 7	54,000	54,130	180	In Compliance
Grade 8	54,000	54,130	180	In Compliance
Grade 9	64,800	64,800	180	In Compliance
Grade 10	64,800	64,800	180	In Compliance
Grade 11	64,800	64,800	180	In Compliance
Grade 12	64,800	64,800	180	In Compliance
<u>Bowling Green Charter School - Classroom Based</u>				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
<u>George Washington Carver School of Arts and Science - Classroom Based</u>				
Grade 9	64,800	64,800	180	In Compliance
Grade 10	64,800	64,800	180	In Compliance
Grade 11	64,800	64,800	180	In Compliance
Grade 12	64,800	64,800	180	In Compliance
<u>New Joseph Bonnheim Charter School - Classroom Based</u>				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
<u>New Technology High School - Classroom Based</u>				
Grade 9	64,800	65,882	175	In Compliance
Grade 10	64,800	65,882	175	In Compliance
Grade 11	64,800	65,882	175	In Compliance
Grade 12	64,800	65,882	175	In Compliance

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2018

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
Special Education Cluster:			
84.027	IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611	13379	\$ 8,147,508
84.027	IDEA: Private School ISP	13379	25,786
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	265,343
84.027A	IDEA: Preschool Local Entitlement, Part B, Sec 611 (Age 3-5)	13682	750,462
84.027A	IDEA: Mental Health Services, Part B, Sec 611	14468	476,120
84.137A	IDEA: Preschool Staff Development, Part B, Sec 619	*	7,376
84.173A	Alternative Dispute Resolution, Part B, Sec 611	13007	<u>17,085</u>
Subtotal Special Education Cluster			<u>9,689,680</u>
Adult Education Program:			
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	151,095
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	16,913
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	<u>68,916</u>
Subtotal Adult Education Program			<u>236,924</u>
Carl D. Perkins Program:			
84.048	Vocational Programs: Voc & Applied Single Parent II (Carl Perkins Act)	*	256,500
84.048	Carl D. Perkins Career and Technical Education: Adult, Sec. 132 (Vocational Education)	14893	65,991
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131 (Vocational Education)	14894	<u>449,822</u>
Subtotal Carl D. Perkins Program			<u>772,313</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	\$ 20,026,593
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	2,441,165
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	128,115
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.365	ESEA: Title III, Limited English Proficiency (LEP) Student Program	14346	660,427
84.060	Indian Education (From Federal Government)	10011	27,712
84.063	Pell Grants - Student Financial Aid Cluster	*	1,092,605
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,674,622
84.215G	Innovative Approaches to Literacy Program	*	665,701
84.377	ESEA: Title I, School Improvement Grant (SIG) for QEIA Schools	14971	<u>11,552,380</u>
Total U.S. Department of Education			<u>49,107,657</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Health Care Services</u>			
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	<u>1,663,877</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.596	Child Development: Federal General (CCTR) and State Preschool (CSPP); Rs 5026, Family Child Care Home (CFCC) - CCFD Cluster	13609	374,310
93.674	Chafee Foster Care Independent Living	*	99,999
93.600	Head Start	10016	<u>11,691,709</u>
Total U.S. Department Health and Human Services			<u>12,166,018</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2018

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	National School Lunch Program	13396	\$ 17,412,241
10.559	Child Nutrition: Summer Food Service Program Operations	13004	<u>320,634</u>
	Subtotal Child Nutrition Cluster		<u>17,732,875</u>
10.558	Child Nutrition: Child Care Food Program	13666	4,516,726
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	<u>70,950</u>
	Total U.S. Department of Agriculture		<u>22,320,551</u>
<u>Substance Abuse and Mental Health Services Administration</u>			
93.243	Meadowview Project Aware Grant	*	<u>115,878</u>
<u>U.S. Department of Justice</u>			
16.543	Missing Children's Assistance	*	<u>115,283</u>
<u>U.S. Department of Defense</u>			
12.357	ROTC	*	<u>251,581</u>
<u>U.S. Department of Labor</u>			
	Workforce Innovation and Opportunity Act Cluster:		
17.259	Workforce Investment Act, Youth Activities	*	160,731
17.258	Workforce Investment Act, Adult Activities	*	<u>67,191</u>
	Total U.S. Department of Labor		<u>227,922</u>
	Total Federal Programs		<u>\$ 85,968,767</u>

\* District is unable to provide PCA numbers.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2018

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

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See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2018  
(UNAUDITED)

<u>General Fund</u>	(Budget) <u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues and other financing sources	<u>\$ 530,593,180</u>	<u>\$ 508,290,529</u>	<u>\$ 501,227,431</u>	<u>\$ 556,064,225</u>
Expenditures	563,668,430	518,008,558	515,670,957	494,529,456
Other uses and transfers out	<u>2,875,207</u>	<u>1,248,027</u>	<u>2,022,282</u>	<u>8,386,451</u>
Total outgo	<u>566,543,637</u>	<u>519,256,585</u>	<u>517,693,239</u>	<u>502,915,907</u>
Change in fund balance	<u>\$ (35,950,457)</u>	<u>\$ (10,966,056)</u>	<u>\$ (16,465,808)</u>	<u>\$ 53,148,318</u>
Ending fund balance	<u>\$ 34,550,294</u>	<u>\$ 70,500,751</u>	<u>\$ 81,466,807</u>	<u>\$ 97,932,615</u>
Available reserves	<u>\$ 11,284,780</u>	<u>\$ 20,013,133</u>	<u>\$ 20,013,133</u>	<u>\$ 18,763,133</u>
Designated for economic uncertainties	<u>\$ 11,284,780</u>	<u>\$ 20,013,133</u>	<u>\$ 20,013,133</u>	<u>\$ 18,763,133</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>2.0%</u>	<u>3.9%</u>	<u>4.0%</u>	<u>3.7%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$1,734,967,672</u>	<u>\$1,804,562,828</u>	<u>\$1,285,646,178</u>	<u>\$1,102,017,744</u>
Average daily attendance at P-2, excluding Adult and Charter School	<u>38,488</u>	<u>38,588</u>	<u>38,686</u>	<u>38,837</u>

The General Fund fund balance has increased by \$25,716,454 over the past three years. The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2018-2019 fiscal year. The fiscal year 2018-2019 budget projects a decrease of \$35,950,457. 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, 2018, the District has met this requirement.

Total long-term liabilities have increased by \$702,545,084 over the past two years, due primarily to the issuance of General Obligation Bonds and recognition of the net pension and the net OPEB liabilities (Note 6 to the financial statements).

Average daily attendance has decreased by 249 over the past two years. The District anticipates a decrease of 100 ADA for the 2018-2019 fiscal year.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF CHARTER SCHOOLS  
 For the Year Ended June 30, 2018

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

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See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES  
For the Year Ended June 30, 2018

	Academic and Support <u>Services*</u>	Child <u>Care*</u>
Revenues		
Other local sources	\$ <u>432,007</u>	\$ <u>753,472</u>
Expenditures:		
Certificated salaries	234,451	183,070
Classified salaries	10,424	246,783
Employee benefits	132,308	268,355
Books and supplies	51,714	4,296
Contract services and operating expenditures	3,110	10,088
Indirect costs	<u>-</u>	<u>48,188</u>
Total expenditures	<u>432,007</u>	<u>760,780</u>
Change in fund balance	-	(7,308)
Fund balance, July 1, 2017	<u>-</u>	<u>7,308</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>

\* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 64 to 65 of the financial statements for a complete presentation of the Child Development Fund.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO SUPPLEMENTARY INFORMATION  
 June 30, 2018

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**NOTE 1 - PURPOSE OF SCHEDULES**

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 85,840,015
Add: Medi-Cal Billing Option Funds from prior year awards.	93.778	<u>128,752</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 85,968,767</u>

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
June 30, 2018

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**NOTE 1 - PURPOSE OF SCHEDULES** (Continued)

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

G - Schedule of First 5 Revenues and Expenditures

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

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2018, the District did not adopt this program.

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

Board of Education  
Sacramento City Unified School District  
Sacramento, California

**Report on Compliance with State Laws and Regulations**

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2018.

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

(Continued)

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

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

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

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

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

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

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on Sacramento City Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Sacramento City Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Sacramento City Unified School District's compliance.

### ***Basis for Qualified Opinion on Compliance with State Laws and Regulations***

As described in Findings 2018-002 and 2018-003 in the accompanying Schedule of Audit Findings and Questioned Costs, Sacramento City Unified School District did not comply with the requirements regarding Attendance and Unduplicated Local Control Funding Formula Pupil Counts. Compliance with such requirements is necessary, in our opinion, for Sacramento City Unified School District to comply with the requirements applicable to the state laws and regulations referred to above.

### ***Qualified Opinion on Compliance with State Laws and Regulations***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

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(Continued)

**Other Matter**

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

**Purpose of this Report**

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

**Crowe LLP**  
Crowe LLP

Sacramento, California  
November 27, 2018

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

Board of Education  
Sacramento City Unified School District  
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements, and have issued our report thereon dated November 27, 2018.

### **Internal Control Over Financial Reporting**

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

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

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

We identified a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2018-001.

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(Continued)

## **Compliance and Other Matters**

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

## **Sacramento City Unified School District's Response to Finding**

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

## **Purpose of this Report**

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

**Crowe LLP**  
Crowe LLP

Sacramento, California  
November 27, 2018

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

Board of Education  
Sacramento City Unified School District  
Sacramento, California

**Report on Compliance on First 5 Sacramento County Program**

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that could have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2018.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on First 5 Sacramento County Program***

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2018.

**Purpose of this Report**

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

**Crowe LLP**  
Crowe LLP

Sacramento, California  
November 27, 2018

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

Board of Education  
Sacramento City Unified School District  
Sacramento, California

**Report on Compliance for Each Major Federal Program**

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sacramento City Unified School District's major federal programs for the year ended June 30, 2018. Sacramento City Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Sacramento City Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sacramento City Unified School District's compliance.

***Unmodified Opinion on Each of the Major Federal Programs***

In our opinion, Sacramento City Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

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(Continued)

## **Report on Internal Control Over Compliance**

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

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

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

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

**Crowe LLP**  
Crowe LLP

Sacramento, California  
November 27, 2018

## **FINDINGS AND RECOMMENDATIONS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements  
noted? \_\_\_\_\_ Yes   X   No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Opinion</u>
84.377	ESEA: Title I, School Improvement Grant	Unmodified
10.555, 10.559	Child Nutrition Cluster	Unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.377	ESEA: Title I, School Improvement Grant
10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A  
and Type B programs: \$ 2,579,060

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

**STATE AWARDS**

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

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SECTION II - FINANCIAL STATEMENT FINDINGS

**2018-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000)**

Criteria

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

Condition

At various school sites selected for testing the following issues were noted:

Arthur A. Benjamin Health Professions High School

- Profit and Loss statements for the student store are not approved.
- Fundraisers are not approved by the site principal.

Sam Brannan Middle School

- A dual count is not being documented when funds are turned into the office.
- A receipt is not being issued when funds are turned into the office.
- Cash receipts are not reconciled to supporting documentation when turned into the office.
- Profit and Loss statements for the student store are not prepared or approved.

New Technology High School

- Fundraisers are not approved prior to the event.
- Monthly financial reports and reconciliations are not reviewed by the site principal.

American Legion Continuation High

- Receipts are not issued when funds are turned into the office.
- Deposits are not performed in a timely manner.

Effect

There exists a risk that ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been consistently followed and enforced.

Fiscal Impact

Not determinable.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

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SECTION II - FINANCIAL STATEMENT FINDINGS  
(Continued)

**2018-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000) (Continued)**

Recommendation

Based on the deficiencies identified above, we recommend the following:

- Cash count forms should be prepared evidencing dual count of funds for receipt of funds.
- A receipt for the funds turned into the ASB should be issued.
- Cash receipts should be supported by detailed schedules noting the quantity and unit price of items sold.
- Profit and Loss statements for the student store should be prepared and approved.
- The Monthly Encumbrance Report should be reviewed by the principal.
- Approval of expenditures should be formally documented by the proper individuals (including an elected student representative if applicable) before an item is purchased.

Views of Responsible Officials and Planned Corrective Action

The District will work with site administration and staff to implement the recommendations. The District will continue to provide staff training on student body accounting procedures, including site visits and quarterly meetings with the organized site support staff.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-002 STATE COMPLIANCE - ATTENDANCE REPORTING (10000)**

Criteria

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

Condition

Arthur A. Benjamin Health Professions High School - Grades 9-12:

- One student was improperly counted as present for one day.

New Technology High School - Grades 9-12:

- One student was improperly counted as present for one day.

Effect

Arthur A. Benjamin Health Professions High School - Grades 9-12:

- The total effect of the error is an overstatement of 0.01 ADA.

New Technology High School - Grades 9-12:

- The total effect of the error is an overstatement of 0.01 ADA.

Cause

Controls have not been enforced to ensure adequate attendance reporting at the school site.

Fiscal Impact

District:

Not applicable as the error is less than 0.50 ADA.

Charter School:

Not applicable as the error is less than 0.50 ADA.

Recommendation

We recommend that the attendance clerk reconciles attendance log with attendance records to ensure attendance is accurately recorded.

Views of Responsible Officials and Planned Corrective Action

The District will work with site administration and staff to implement the recommendations. The District will continue to provide staff training on attendance reporting procedures.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS  
(40000)**

Criteria

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

Condition

At multiple sites in the District, three students were improperly included as English learner. There was no supporting documentation that these students were approved to be documented as English learner status.

At New Technology High School, one student was improperly included as English learner. There was no supporting documentation that the student was approved to be documented as English learner status.

Effect

For the District, the effect of this finding is an extrapolated overstatement of 95 unduplicated pupil counts.

A.M. Winn Waldorf-Inspired K-8

	Unduplicated pupil count				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	259	200	1	58	259
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	259	200	-	58	258

Abraham Lincoln Elementary

	Unduplicated pupil count				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	476	310	17	149	476
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	476	310	15	149	474

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS  
(40000) (continued)**

Alice Birney Public Waldorf eK-8

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	168	153	4	11	168
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>168</u>	<u>153</u>	<u>3</u>	<u>11</u>	<u>167</u>

Arthur A. Benjamin Health Professions High

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	169	136	5	28	169
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>169</u>	<u>136</u>	<u>4</u>	<u>28</u>	<u>168</u>

Bret Harte Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	245	201	5	39	245
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>245</u>	<u>201</u>	<u>4</u>	<u>39</u>	<u>244</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

C.K. McClatchy High

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	<u>Total</u>
As certified on CalPADS	1,367	1,120	33	214	1,367
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	<u>1,367</u>	<u>1,120</u>	<u>30</u>	<u>214</u>	<u>1,364</u>

Camelia Basic Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	<u>Total</u>
As certified on CalPADS	401	267	12	122	401
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>401</u>	<u>267</u>	<u>10</u>	<u>122</u>	<u>399</u>

Cesar Chavez Intermediate

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	<u>Total</u>
As certified on CalPADS	363	245	7	111	363
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>363</u>	<u>245</u>	<u>6</u>	<u>111</u>	<u>362</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

David Lubin Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	297	254	3	40	297
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>297</u>	<u>254</u>	<u>2</u>	<u>40</u>	<u>296</u>

Earl Warren Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	405	234	16	155	405
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>405</u>	<u>234</u>	<u>14</u>	<u>155</u>	<u>403</u>

Elder Creek Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	706	360	15	331	706
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>706</u>	<u>360</u>	<u>13</u>	<u>331</u>	<u>704</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Ethel I. Baker Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	<u>Total</u>
As certified on CalPADS	647	364	29	254	647
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	<u>647</u>	<u>364</u>	<u>26</u>	<u>254</u>	<u>644</u>

Father Keith B. Kenny K-8

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	<u>Total</u>
As certified on CalPADS	339	252	10	77	339
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>339</u>	<u>252</u>	<u>9</u>	<u>77</u>	<u>338</u>

Fern Bacon Middle

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	<u>Total</u>
As certified on CalPADS	687	455	23	209	687
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>687</u>	<u>455</u>	<u>21</u>	<u>209</u>	<u>685</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2018

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Genevieve Didion K-8

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	169	152	8	9	169
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>169</u>	<u>152</u>	<u>7</u>	<u>9</u>	<u>168</u>

Golden Empire Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	438	352	6	80	438
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>438</u>	<u>352</u>	<u>5</u>	<u>80</u>	<u>437</u>

H.W. Harkness Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	335	232	14	89	335
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>335</u>	<u>232</u>	<u>12</u>	<u>89</u>	<u>333</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Hiram W. Johnson High

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	1,243	777	103	363	1,243
Audit adjustments	-	-	(9)	-	(9)
Adjusted counts	<u>1,243</u>	<u>777</u>	<u>94</u>	<u>363</u>	<u>1,234</u>

Isador Cohen Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	233	185	4	44	233
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>233</u>	<u>185</u>	<u>3</u>	<u>44</u>	<u>232</u>

James Marshall Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	326	239	12	75	326
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>326</u>	<u>239</u>	<u>10</u>	<u>75</u>	<u>324</u>

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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

John Cabrillo Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	305	260	4	41	305
Audit adjustments	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Adjusted counts	<u><u>305</u></u>	<u><u>260</u></u>	<u><u>3</u></u>	<u><u>41</u></u>	<u><u>304</u></u>

John D. Sloat Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	212	151	11	50	212
Audit adjustments	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
Adjusted counts	<u><u>212</u></u>	<u><u>151</u></u>	<u><u>10</u></u>	<u><u>50</u></u>	<u><u>211</u></u>

John H. Still K - 8

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	882	572	40	270	882
Audit adjustments	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(4)</u>
Adjusted counts	<u><u>882</u></u>	<u><u>572</u></u>	<u><u>36</u></u>	<u><u>270</u></u>	<u><u>878</u></u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Kit Carson International Academy

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	344	279	13	52	344
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>344</u>	<u>279</u>	<u>11</u>	<u>52</u>	<u>342</u>

Leataata Floyd Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	340	302	2	36	340
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>340</u>	<u>302</u>	<u>1</u>	<u>36</u>	<u>339</u>

Leonardo Da Vinci K - 8

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	324	269	2	53	324
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>324</u>	<u>269</u>	<u>1</u>	<u>53</u>	<u>323</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Luther Burbank High

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	1,434	1,005	96	333	1,434
Audit adjustments	-	-	(9)	-	(9)
Adjusted counts	<u>1,434</u>	<u>1,005</u>	<u>87</u>	<u>333</u>	<u>1,425</u>

Mark Twain Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	286	194	7	85	286
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>286</u>	<u>194</u>	<u>6</u>	<u>85</u>	<u>285</u>

Martin Luther King, Jr. Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	373	321	5	47	373
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>373</u>	<u>321</u>	<u>4</u>	<u>47</u>	<u>372</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Matsuyama Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	298	245	13	40	298
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>298</u>	<u>245</u>	<u>11</u>	<u>40</u>	<u>296</u>

Nicholas Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	594	354	14	226	594
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>594</u>	<u>354</u>	<u>12</u>	<u>226</u>	<u>592</u>

Non-Public School Group for Sacramento City Unified

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	176	118	31	27	176
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	<u>176</u>	<u>118</u>	<u>28</u>	<u>27</u>	<u>173</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

O. W. Erlewine Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	213	185	5	23	213
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>213</u>	<u>185</u>	<u>4</u>	<u>23</u>	<u>212</u>

Oak Ridge Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	469	323	9	137	469
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>469</u>	<u>323</u>	<u>8</u>	<u>137</u>	<u>468</u>

Parkway Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	547	397	8	142	547
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>547</u>	<u>397</u>	<u>7</u>	<u>142</u>	<u>546</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Peter Burnett Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	515	299	31	185	515
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	<u>515</u>	<u>299</u>	<u>28</u>	<u>185</u>	<u>512</u>

Phoebe A. Hearst Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	121	118	1	2	121
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>121</u>	<u>118</u>	<u>-</u>	<u>2</u>	<u>120</u>

Pony Express Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	277	209	10	58	277
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>277</u>	<u>209</u>	<u>9</u>	<u>58</u>	<u>276</u>

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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Rosa Parks K - 8

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	747	527	20	200	747
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>747</u>	<u>527</u>	<u>18</u>	<u>200</u>	<u>745</u>

Rosemont High

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	1,055	910	18	127	1,055
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>1,055</u>	<u>910</u>	<u>16</u>	<u>127</u>	<u>1,053</u>

Sacramento City Unified - Home Hospital

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	11	2	7	2	11
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>11</u>	<u>2</u>	<u>6</u>	<u>2</u>	<u>10</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

School of Engineering & Sciences

	Unduplicated pupil count				<u>Total</u>
	<u>Enrollment</u>	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	
As certified on CalPADS	403	350	9	44	403
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>403</u>	<u>350</u>	<u>8</u>	<u>44</u>	<u>402</u>

Susan B. Anthony Elementary

	Unduplicated pupil count				<u>Total</u>
	<u>Enrollment</u>	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	
As certified on CalPADS	282	112	21	149	282
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>282</u>	<u>112</u>	<u>19</u>	<u>149</u>	<u>280</u>

Sutter Middle

	Unduplicated pupil count				<u>Total</u>
	<u>Enrollment</u>	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	
As certified on CalPADS	538	458	7	73	538
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>538</u>	<u>458</u>	<u>6</u>	<u>73</u>	<u>537</u>

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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Sutterville Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	209	179	7	23	209
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>209</u>	<u>179</u>	<u>6</u>	<u>23</u>	<u>208</u>

Tahoe Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	291	230	3	58	291
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>291</u>	<u>230</u>	<u>2</u>	<u>58</u>	<u>290</u>

Theodore Judah Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	190	167	8	15	190
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>190</u>	<u>167</u>	<u>7</u>	<u>15</u>	<u>189</u>

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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Washington Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	152	124	3	25	152
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>152</u>	<u>124</u>	<u>2</u>	<u>25</u>	<u>151</u>

Will C. Wood Middle

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	626	400	23	203	626
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>626</u>	<u>400</u>	<u>21</u>	<u>203</u>	<u>624</u>

William Land Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	263	158	24	81	263
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	<u>263</u>	<u>158</u>	<u>21</u>	<u>81</u>	<u>260</u>

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**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Woodbine Elementary

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	236	156	15	65	236
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	<u>236</u>	<u>156</u>	<u>13</u>	<u>65</u>	<u>234</u>

District-Wide

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	29,313	21,561	981	6,771	29,313
Audit adjustments	-	-	(95)	-	(95)
Adjusted counts	<u>29,313</u>	<u>21,561</u>	<u>886</u>	<u>6,771</u>	<u>29,218</u>

For the New Technology High, the effect of this finding is an extrapolated overstatement of 1 unduplicated pupil counts.

New Technology High

	<u>Enrollment</u>	<u>Unduplicated pupil count</u>			<u>Total</u>
		<u>Free &amp; Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM &amp; ELAS</u>	
As certified on CalPADS	121	84	3	34	121
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	<u>121</u>	<u>84</u>	<u>2</u>	<u>34</u>	<u>120</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
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Year Ended June 30, 2018

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)**

Cause

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

Fiscal Impact

The Unduplicated Pupil Percentage for Sacramento City Unified School District was originally reported at 71.42% and the revised School District Unduplicated Pupil Percentage should be revised to 71.34%; the fiscal impact is a reduction of LCFF revenues of approximately \$74,402.

The Unduplicated Pupil Percentage for New Technology High School was originally reported at 72.25% and the revised School District Unduplicated Pupil Percentage should be revised to 72.08%; the fiscal impact is a reduction of LCFF revenues of approximately \$207.

Recommendation

The District should ensure that all students are properly reflected in the CalPADS reporting under the appropriate English Learner status.

Views of Responsible Officials and Planned Corrective Action

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

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2018

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<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<b>2017-001</b> <u>Condition:</u> At Bowling Green Chacon Elementary, sub-receipt books that are issued are not logged or tracked.  <u>Recommendation:</u> Sub-receipt books that are issued should be logged and tracked.	Not implemented.	See current year finding 2018-001.
<b>2017-002</b> <u>Condition:</u> One student was improperly counted as present for one day at William Land Elementary.  <u>Recommendation:</u> We recommend that the attendance clerk reconciles attendance log with attendance records to ensure attendance is accurately recorded.	Not implemented.	See current year finding 2018-002.
<b>2017-003</b> <u>Condition:</u> At The Met Sacramento High School, thirty-two students did not have a properly signed contract prior to the District claiming ADA.  <u>Recommendation:</u> The District should implement controls to ensure that the independent study contracts are properly signed prior to claiming ADA.	Implemented.	