

Office.
Financial Considerations: None.

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Agenda Item#:

1. Executive Summary
2. Independent Audit Report for the Fiscal Year Ended June 30, 2022, Submitted by Crowe LLP

BOARD OF EDUCATION

Agenda Item# 9.3

Estimated Time: 10 Minutes

Meeting Date: Submitted by: Rose F. Ramos,
December 15, 2022

Subject: Independent Audit Report for the Fiscal Year Ended June 30, 2022,
Submitted by Crowe LLP

- Information Item Only
- Approval on Consent Agenda

AMENDED

2022

Submitted by Crowe LLP
December 15, 2022

Per Education Code section 41020, each year districts are required to conduct an annual audit of funds under the jurisdiction of the Governing Board by December 15.

The firm of Crowe LLP audited the financial statements of the district for the year ended June 30, 2022. The audit is conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used D(e)-1 (d)6, 2022 Board Meeting.

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

III. BUDGET:

The cost of the annual audit for the year ending June 30, 2022 is \$13,000. This is a General Fund expenditure.



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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 FINANCIAL STATEMENTS
 WITH SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2022

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sacramento City Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sacramento City Unified School District 's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- x Exercise professional judgment and maintain professional skepticism throughout the audit.
- x Identify and assess the risks of material misstatement of the financial statements, whether due to fraud

(Continued)

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 expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited", was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2022 on our consideration of the 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 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 Sacramento City Unified School District 's 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 the Sacramento City Unified School District 's internal control over financial reporting and compliance.

Crowe LLP

Sacramento, California
December 9, 2022

Management's Discussion and Analysis

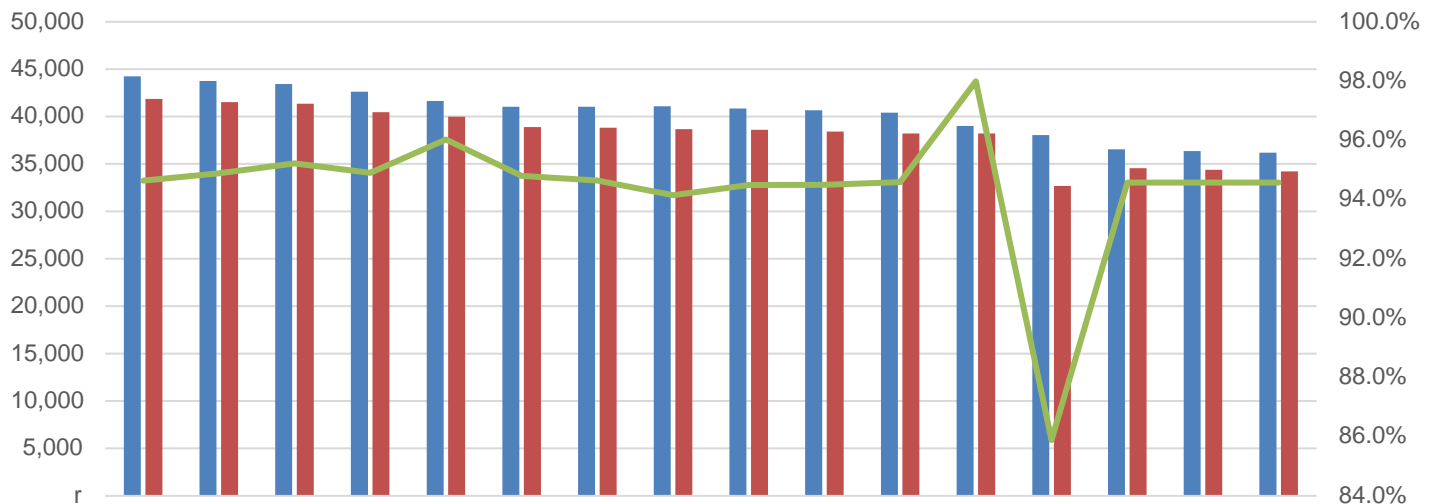
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by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

District Overview

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

For fiscal year 2021-22, the District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five district operated charter schools), and forty-eight preschool classrooms.

The graph below shows the District's enrollment trend, net 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 94.5% ADA to enrollment. For the 2021-22 year, state education code allowed school districts to utilize the 2019-20 ADA yield to mitigate the decline in attendance rates as a result of the COVID-19 pandemic.



COVID-19 Impacts

The ongoing COVID-19 pandemic continued to have impacts throughout the 2021-22 fiscal year. This included a significant decline in attendance rates for students as well as staff. Additionally, the pandemic required continued negotiations and bargaining agreements regarding employee safety, work conditions, additional duties and compensation, increases in COVID related sick leave and more. The district also experienced a decline in enrollment from 2020-21 to 2021-22, decreasing from 39,003 to 38,043, or 2.5% decline compared to the district's historical average of .5%. The district has continued to utilize one-time COVID related funding to mitigate the financial and programmatic impacts described above.

Governance

The District is governed by a Board of Education consisting of seven members and one non-voting 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:

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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.

District-wide Financial Condition

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). The District displays the book value of all district assets including buildings, land and equipment, and related depreciation, in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many 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. Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2022	June 30, 2021	Variance	% Diff
Capital Assets	\$626,455,604	\$644,996,247	(\$18,540,643)	-3%
Other Assets	497,220,439	374,139,484	123,080,955	33%
Total Assets	1,123,676,043	1,019,135,731	104,540,312	10%
Deferred Outflows of Resources	157,772,361	194,852,094	(37,079,733)	-19%
Current and Other Liabilities	186,148,504	119,959,555	66,188,949	55%
Long-Term Liabilities	1,150,304,688	1,380,986,742	(230,682,054)	-17%
Total Liabilities	1,336,453,192	1,500,946,297	(164,493,105)	-11%
Deferred Inflows of Resources	562,512,156	448,594,060	113,918,096	25%
Net Investment in Capital Assets (net of related debt)	167,912,958	155,836,813	12,076,145	8%
Restricted Net Position	134,049,206	109,386,515	24,662,691	18%
Unrestricted Net Position	(919,479,108)	(1,000,775,860)	81,296,752	8%
Total Net Position	(\$617,516,944)	(\$735,552,532)	\$118,035,588	16%

At the end of fiscal year 2021-22, the District had a total value of \$1,323,124,465 in capital assets. Capital assets

District-wide Financial Condition (Continued)

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.

”

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, 2022:

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 this size to retain an amount equal to 2% of 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 2021-22 to commit funds. Assigned ending balances are constrained by the District's intent but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

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

Ending Fund Balances	June 30, 2022	June 30, 2021	Difference
Fund 01 General	\$109,852,797	\$125,906,717	(\$16,053,920)
Fund 08 Student Activity Fund	\$1,447,941	\$1,219,952	\$227,989
Fund 09 Charter Schools	\$9,347,446	\$6,381,614	\$2,965,832
Fund 11 Adult Education	\$1,384,337	\$801,095	\$583,242
Fund 12 Child Development	\$880,662	\$413,039	\$467,623
Fund 13 Cafeteria	\$14,581,388	\$16,414,434	(\$1,833,046)
Fund 21 Building	\$104,526,405	\$34,418,837	\$70,107,568
Fund 25 Developer Fees	\$23,726,622	\$19,607,667	\$4,118,955
Fund 35 County School Facilities Fund	\$4,891	\$418	\$4,473
Fund 49 Community Facilities	\$1,113,186	\$1,106,162	\$7,024
Fund 51 Bond Interest and Redemption	\$36,744,469	\$40,845,636	(\$4,101,167)
Fund 61 Cafeteria Enterprise Fund	\$5,752	\$0	\$5,752
Fund 67 Self Insurance	\$12,847,529	\$12,632,456	\$215,297

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 and Measure H in 2020, the District continues facility improvements, modernization and construction projects that enhance the learning environment.

Total Expenditures for Fiscal Year Ended June 30, 2022

<u>Measure Q Total</u>	<u>\$11,151,525</u>
” Program Management Expenditures	\$ 1,522,713
” Completed Project Expenditures:	
’ Modernization, Repair & Upgrades	\$ 2,691,031
’ Technology Upgrades	\$ 6,686
” In Progress Project Expenditures:	
’ Modernization, Repair & Upgrades	\$ 5,783,540
” Debt issuance expenditures	\$1,147,555
<u>Measure R Total</u>	<u>\$ 474,036</u>
” Program Management Expenditures	\$ 103,982
” In Progress Project Expenditures:	
o Hiram Johnson Stadium	\$ 351,602
” Completed Project Expenditures:	
’ Nutrition Services Center	\$ 18,452

Summary of Future Projects as of June 30, 2022

<u>Project Year(s)</u>	<u>Projects</u>	<u>Estimated Budget</u>
<u>Measure Q Total</u>		<u>\$ 100,800,000</u>
2022-2024	Core Academic Renovation	\$ 16,988,613
2022-2024	District Wide Fire & Irrigation Improvements	\$ 3,060,000
2022-2024	Modernization, Repair, and Upgrade Projects	\$ 75,848,037
2022-2024	Resource & Energy Conservation Improvement Projects	\$ 2,353,350
2022-2024	Program Management	r00

<u>Measure H Total</u>		<u>\$ 224,472,460</u>
2022-2025	Academic and Safety Equal Access – New Construction and Major Modernization	\$147,000,000
2022-2025	School and Classroom Improvements – Campus Renewal / Furniture Replacement / Sustainability/Energy Reduction	\$ 64,375,000
2022-2025	Safety and Security Improvements – Safety / Path of Travel Remediation	\$ 5,000,000
2022-2025	PE and Athletic Programs - Playground Structures	\$ 5,000,000
2022-2025	Program Management	\$ 3,097,460

District Indebtedness

As of June 30, 2022, the District has incurred \$1,150,304,688 in long-term liabilities. Of this amount, \$469,262,966 are General Obligation Bonds and \$25,182,150 are Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002 and 2012. Additionally, \$55,030,000 is Lease Revenue Bonds, backed by Developer Fees and Mello-Roos Community Facilities funds

The District continues to provide lifetime health benefits to eligible retirees. The recognized net OPEB liability decreased by \$9,504,754 from \$317,738,269 to \$ 308,233,515 due to sustained contributions to the District's OPEB trust. Continued contributions at the Actuarially Determined Contribution level have resulted in an improved (higher) discount rate assumed for the actuarial report.

Financial Outlook

Ongoing risks include a continued projected decline in ADA, increased operating expenditures, such as rising special education costs and pension and health premium increases, and uncertain future state resources. However, the District is projecting improved fiscal stability due to the increase in on-going state funding.

The District's 2022-23 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and two subsequent years. The District has taken measures to reduce expenditures and increase reserves over the last few fiscal years, including one-time savings as a result of the COVID-19 pandemic. The District has also passed two Fiscal Recovery Plans, one on February 4, 2021 and the second on December 17, 2021 to help address the District's ongoing structural deficit. As of the 2022-23 First interim report the District is projected to have positive cash balances at June 30 for all three fiscal years 2022-23, 2023-2024 and 2024-2025. The District continues to work with its labor partners, community stakeholders, the Sacramento County Office of Education and assigned fiscal advisor to maintain fiscal stability.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
Instruction	\$ 355,420,397	\$ 466,213	\$ 137,769,967	\$ 3,691,945	\$ (213,492,272)	\$ -	\$ (213,492,272)
Instruction-related services:							
Supervision and administration	30,262,665	203,764	24,452,945	-	(5,605,956)	-	(5,605,956)
Library, media and technology	2,525,062	-	588,009	-	(1,937,053)	-	(1,937,053)
School site administration	34,658,063	48,332	6,516,891	-	(28,092,840)	-	(28,092,840)
Pupil services:							
Home-to-school transportation	10,140,372	-	2,621,500	-	(7,518,872)	-	(7,518,872)
Food services	32,442,628	(70,438)	31,581,472	-	(931,594)	-	(931,594)
All other pupil services	54,298,251	715,896	37,492,903	-	(16,089,452)	-	(16,089,452)
General administration:							
Centralized data processing	5,245,901	(1,571)	1,186,558	-	(4,060,914)	-	(4,060,914)
All other general administration	24,791,338	31,580	9,452,883	-	(15,306,875)	-	(15,306,875)
Plant services	49,815,713	561,174	5,377,810	-	(43,876,729)	-	(43,876,729)
Ancillary services	4,428,277	5,983	1,538,556	-	(2,883,738)	-	(2,883,738)
Community services	269,048	-	-	-	(269,048)	-	(269,048)
Enterprise activities	216,782	-	220	-	(216,562)	-	(216,562)
Other outgo	3,704,681	3,829,510	4,656,505	-	4,781,334	-	4,781,334
Interest on long-term liabilities	19,708,386	-	-	-	(19,708,386)	-	(19,708,386)
Total governmental activities	627,927,564	5,790,443	263,236,219	3,691,945	(355,208,957)	-	(355,208,957)
Business-Type activities:							
Enterprise activities	2,122						

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 205,714,672	\$ 20,470,786	\$ 48,840,891	\$ 41,313,728	\$ 316,340,077
Cash in banks	42,883	354,956	-	1,923,639	2,321,478
Cash in revolving fund	225,000	-	-	2,000	227,000
Cash with fiscal agent	-	87,288,005	-	-	87,288,005
Collections awaiting deposit	-	-	-	14,650	14,650
Receivables	32,178,242	72,841	138,303	7,492,989	39,882,375
Due from grantor governments	33,790,821	-	-	5,187,834	38,978,655
Due from other funds	2,946,568	22,304	-	2,928,182	5,897,054
Prepaid expenditures	16,100	-	-	4,280	20,380
Stores inventory	105,262	-	-	1,426,207	1,531,469
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 275,019,548</u>	<u>\$ 108,208,892</u>	<u>\$ 48,979,194</u>	<u>\$ 60,293,509</u>	<u>\$ 492,501,143</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 81,311,912	\$ 3,682,487	\$ 12,234,725	\$ 1,612,947	\$ 98,842,071
Due to grantor governments	65,820,039	-	-	1,649,951	67,469,990
Unearned revenue	13,077,997	-	-	1,039,698	14,117,695
Due to other funds	4,956,803	-	-	3,504,440	8,461,243
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>165,166,751</u>	<u>3,682,487</u>	<u>12,234,725</u>	<u>7,807,036</u>	<u>188,890,999</u>
Fund balances:					
Nonspendable	346,362	-	-	1,432,487	1,778,849
Restricted	44,818,264	104,526,405	36,744,469	51,053,986	237,143,124
Assigned	15,891,754	-	-	-	15,891,754
Unassigned	48,796,417	-	-	-	48,796,417
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>109,852,797</u>	<u>104,526,405</u>	<u>36,744,469</u>	<u>52,486,473</u>	<u>303,610,144</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 275,019,548</u>	<u>\$ 108,208,892</u>	<u>\$ 48,979,194</u>	<u>\$ 60,293,509</u>	<u>\$ 492,501,143</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, 2022

Total fund balances - Governmental Funds	\$	303,610,144
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 \$1,323,124,465 and the accumulated depreciation is \$696,668,861 (Note 4).		
		626,455,604
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, 2022 consisted of (Note 6):		
General Obligation Bonds	\$ (469,262,966)	
Accreted interest	(25,182,150)	
Lease Revenue Bonds	(55,030,000)	
Premium on issuance	(40,016,725)	
Net pension liability (Notes 8 and 9)	(247,054,000)	
Net OPEB liability (Note 10)	(308,233,515)	
Compensated absences	<u>(5,525,332)</u>	
		(1,150,304,688)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position of the Self-Insurance Fund is:		
		12,847,529
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:		
		(5,385,738)
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.		
		1,240,640
In governmental 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	61,176,944	
Deferred inflows of resources relating to OPEB	<u>(331,490,156)</u>	
		(270,313,212)
In governmental 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	95,354,777	
Deferred inflows of resources relating to pensions	<u>(231,022,000)</u>	<u>(135,667,223)</u>
Total net position - governmental activities	\$	<u><u>(617,516,944)</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, 2022

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Local control funding formula (LCFF):					
State apportionment	\$ 276,528,575	\$ -	\$ -	\$ 16,622,320	\$ 293,150,895
Local sources	<u>114,895,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,895,574</u>
Total LCFF	<u>391,424,149</u>	<u>-</u>	<u>-</u>	16,622,320	

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, 2022

which costs are charged to other funds on a full cost recovery basis. The change in net position for the Self-Insurance Fund was:

	\$	215,073
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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS
June 30, 2022

Business-Type <u>Activities</u>	Governmental <u>Activities</u>
Cafeteria	Self
Enterprise	Insurance
Fund	

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN
NET POSITION – PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Business-Type <u>Activities</u> Cafeteria Enterprise <u>Fund</u>	Governmental <u>Activities</u> Self Insurance <u>Fund</u>
Operating revenues:		
Self insurance premiums	\$ -	\$ 14,182,526
Other state revenue	-	65
Other local revenue	<u>12,723</u>	<u>-</u>
Total operating revenues	<u>12,723</u>	<u>14,182,591</u>
Operating expenses:		
Classified salaries	5,612	355,089
Employee benefits	498	211,459
Books and supplies	355	26,014
Contract services	497	767
Provision for claims and claim adjustment expenses	<u>-</u>	<u>13,431,429</u>
Total operating expenses	<u>6,962</u>	<u>14,024,758</u>
Net operating income	5,761	157,833
Non-operating income:		
Interest (loss) income	<u>(9)</u>	<u>57,240</u>
Change in net position	5,752	215,073
Total net position, July 1, 2021	<u>-</u>	<u>12,632,456</u>
Total net position, June 30, 2022	<u><u>\$ 5,752</u></u>	<u><u>\$ 12,847,529</u></u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the year ended June 30, 2022

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2022

	Scholarship <u>Trust</u>
ASSETS	
Cash and investments (Note 2)	
Cash on hand and in banks	\$ <u>454,456</u>
NET POSITION	
Restricted for scholarships	\$ <u><u>454,456</u></u>

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, 2022

	Scholarship <u>Trust</u>
Additions:	
Other local sources	\$ <u>51,541</u>
Deduction:	

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sacramento City Unified School District (the "District") accounts for its financial transactions in accordance

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022.

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.

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.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Student Activity, Charter Schools, Adult Education, Child Development and Cafeteria Funds.

The Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Developer Fees, County School Facilities 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 Cafeteria Enterprise Fund is an enterprise fund within the District to operate a food service program including non-student related catering programs and other local food programs.

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.

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.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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	\$ 76,393,774	\$ 18,961,003	\$ 95,354,777
Deferred inflows of resources	\$ 184,309,000	\$ 46,713,000	\$ 231,022,000
Net pension liability	\$ 153,342,000	\$ 93,712,000	\$ 247,054,000
Pension expense	\$ 21,523,128	\$ 5,858,087	\$ 27,381,215

Compensated Absences: Compensated absences totaling \$5,525,332 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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2022, the carrying amount of the District's accounts was \$3,025,401 and the bank balance was \$2,582,400. \$764,976 of the bank balance was FDIC insured and \$1,817,424 remained uninsured.

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, Schools' 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, 2022, 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, 2022, 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, 2022 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 2,946,568	\$ 4,956,803
Building Fund	22,304	-
Non-Major Funds:		
Charter Schools	1,362,003	51,594
Adult Education	328,731	14,722
Child Development	441,071	2,008,357
Cafeteria	216,813	1,276,124
Developer Fees Fund	579,564	153,643
Proprietary Fund:		
Self-Insurance	2,569,034	4,845
Totals	<u>\$ 8,466,088</u>	<u>\$ 8,466,088</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 2021-2022 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for contribution to support the adult education program.	\$ 1,578,731
Transfer from the General Fund to the Charter Schools Fund for contribution related to the strike financial penalties.	1,081,471
Transfer from the Charter Schools Fund to the General Fund for Charter fees.	1,946,119
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	13,905
Transfer from the Adult Education Fund to the General Fund for indirect costs.	45,020
Transfer from the Child Development Fund to the General Fund for indirect costs.	499,801
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	657,451
Transfer from the County School Facilities Fund to the Building Fund to reimburse bond expenditures with State Bond reimbursement funds for modernization and new construction projects.	<u>3,687,472</u>
	<u>\$ 9,509,970</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2022 is shown below:

	Balance July 1, <u>2021</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2022</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 21,223,495	\$ -	\$ -	\$ 21,223,495
Work-in-process	75,201,659	9,785,835	65,567,507	19,419,987
Depreciable:				
Buildings	951,392,985	70,286,270	2,831,080	1,018,848,175
Site improvements	194,744,052	736,965	458,331	195,022,686
Equipment	<u>65,604,066</u>	<u>3,842,080</u>	<u>836,024</u>	<u>68,610,122</u>
Totals, at cost	<u>1,308,166,257</u>	<u>84,651,150</u>	<u>69,692,942</u>	<u>1,323,124,465</u>
Less accumulated depreciation:				
Buildings	(493,159,007)	(25,466,442)	(2,793,522)	(515,831,927)
Site improvements	(117,082,962)	(7,829,086)	(443,054)	(124,468,994)
Equipment	<u>(52,928,041)</u>	<u>(4,275,923)</u>	<u>(836,024)</u>	<u>(56,367,940)</u>
Total accumulated depreciation	<u>(663,170,010)</u>	<u>(37,571,451)</u>	<u>(4,072,600)</u>	<u>(696,668,861)</u>
Capital assets, net	<u>\$ 644,996,247</u>	<u>\$ 47,079,699</u>	<u>\$ 65,620,342</u>	<u>\$ 626,455,604</u>

Depreciation expense was charged to governmental activities as follows:
41 3967 0 0 TD .00.34

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2022 follows:

The Series 2007, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 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.

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2021</u>	<u>Current Year Issuance</u>	<u>Current Year Refunded & Matured</u>	<u>Balance June 30, 2022</u>
2007 - CA	4.6 - 4.8%	2032	\$ 26,077,966	\$ -	\$ -	\$ 26,077,966
2011	0.5 - 5.5%	2029	36,815,000	-	36,815,000	-
2012	2.0 - 5.3%	2031	67,935,000	-	7,195,000	60,740,000
2013 - A	2.0 - 5.0%	2038	11,245,000	-	405,000	10,840,000
2013 - B	5.7%	2038	40,000,000	-	-	40,000,000
2014	2.0 - 5.0%	2027	28,590,000	-	3,730,000	24,860,000
2015	2.0 - 5.0%	2030	22,035,000	-	3,455,000	18,580,000
2015 C1	2.0 - 5.0%	2041	60,900,000	-	1,890,000	59,010,000
2016	2.0-4.0%	2041	12,075,000	-	400,000	11,675,000
2017 - E	3.0-5.0%	2047	91,535,000	-	1,830,000	89,705,000
2017 - C	3.0-5.0%	2047	9,615,000	-	195,000	9,420,000
2018 - F	2.46%	2025	1,500,000	-	200,000	1,300,000
2019 - D	2.375-5.0%	2049	28,100,000	-	5,300,000	22,800,000
2021 - G	0.32% - 4.00%	2050	-	77,100,000	11,195,000	65,905,000
2021 Refunding	4.00%	2030	-	33,355,000	5,005,000	28,350,000
			<u>\$ 436,422,966</u>	<u>\$ 110,455,000</u>	<u>\$ 77,615,000</u>	<u>\$ 469,262,966</u>

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 18,680,000	\$ 19,673,483	\$ 38,353,483
2024	22,812,074	21,111,691	43,923,765

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

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

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 have been fully repaid.

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

On January 15, 2014, the District issued 2014 General Obligation Refunding Bonds totaling \$44,535,000. Bond proceeds were used to refund a portion of the District's 2002 General Obligation Bonds, Series 2005. The refunded bonds have been fully repaid.

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 have been fully repaid.

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

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

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

On November 21, 2019, the District issued 2019 Series D General Obligation Bonds totaling \$30,900,000. Bond proceeds are to be used for construction related projects.

On July 8, 2021, the District issued 2021 Series G General Obligation Bonds totaling \$77,100,000. Bond proceeds are to be used for construction related projects.

On July 8, 2021, the District issued 2021 General Obligation Refunding Bonds totaling \$33,355,000. Bond proceeds were used to refund the remaining portion of the District's 2011 GO Refunding Bonds. The refunded bonds have been fully repaid.

Although the advance refunding resulted in the recognition of an accounting loss of \$141,816 for the year ended June 30, 2022, the District in effect reduced its aggregate debt service payments by \$5,787,193 over the next 8 years and obtained an economic gain of \$5,608,228.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Calculation of difference in cash flow requirements and economic gain are as follows:

Calculation of Cash Flow Savings:

Old debt service cash flows	\$ 44,196,050
Less: New debt service cash flows	38,408,857
Total cash flow savings	\$ 5,787,193

Calculation of Economic Gain:

PV of old debt service cash flows	\$ 42,805,309
PV of new debt service cash flows	37,197,081
Total economic gain	\$ 5,608,228

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>
2023	\$ 2,770,000	\$ 1,358,500	\$ 4,128,500
2024	2,915,000	1,220,000	4,135,000
2025	3,025,000	1,074,250	4,099,250
2026	235,000	923,000	1,158,000
2027	-	911,250	911,250
2028-2032	-	4,556,250	4,556,250
2033-2037	9,650,000	3,861,750	13,511,750
2038-2040	8,575,000	871,500	9,446,500
	\$ 27,170,000	\$ 14,776,500	\$ 41,946,500

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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>
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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2022 consisted of the following:

<u>General Fund</u>	Building Fund	Bond Interest and Redemption	All Non-Major
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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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 plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com>.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the "Special Legislation"), were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan and the Special Legislation, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-2022.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2021-2022.

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, 2020, valuation adopted by the board in June 2021, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2021.

Employers – 16.920 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorizes the board to adjust the employer

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 8 – NET PENSION LIABILITY –

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

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

The CalSTRS state contribution rates effective for fiscal year 2021-2022 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954.

(2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

For the year ended June 30, 2022, the District recognized pension expense of \$21,523,128 and revenue of \$24,098,441 for support provided by the State. At June 30, 2022, 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	\$ 384,000	\$ 16,319,000
Changes of assumptions	21,727,000	-
Net differences between projected and actual earnings on investments	-	121,298,000
Changes in proportion and differences between District contributions and proportionate share of contributions	14,003,000	46,692,000
Contributions made subsequent to measurement date	<u>40,279,774</u>	<u>-</u>
Total	<u>\$ 76,393,774</u>	<u>\$ 184,309,000</u>

\$40,279,774 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2023	\$ (31,745,800)
2024	\$ (23,112,800)
2025	\$ (35,991,800)
2026	\$ (41,945,467)
2027	\$ (8,859,967)
2028	\$ (6,539,166)

Differences between expected and actual experience and changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions 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, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and 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>
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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/acfr-2021.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.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2022 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2021-22.

Employers - The employer contribution rate was 22.91 percent of applicable member earnings.

The District contributed \$16,163,003 to the plan for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of \$93,712,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021 the District’s proportion was 0.461 percent, which was a decrease of 0.014 percent from its proportion measured as of June 30, 2020.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

For the year ended June 30, 2022, the District recognized pension expense of \$5,858,087. At June 30, 2022, 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	\$ 2,798,000	\$ 221,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	35,964,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	10,528,000
Contributions made subsequent to measurement date	<u>16,163,003</u>	<u>-</u>
Total	<u>\$ 18,961,003</u>	<u>\$ 46,713,000</u>

\$16,163,003 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 ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2023	\$ (11,966,667)
2024	\$ (12,230,667)
2025	\$ (9,715,666)
2026	\$ (10,002,000)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions 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, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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, 2020 , and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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 pension fund cash flows. Using historical and forecasted information for all the funds’ asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 for each fund. The expected rate of return was set by calculating the rounded single equivalent

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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 benef

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

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

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

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

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Funding Method	Entry age normal, level percent of pay
General Inflation Rate	2.5%
Long Term Return on Assets	7.00% as of June 30, 2020 and June 30, 2019, net of plan investment expenses and including inflation
Discount rate	6.80% as of June 30, 2021, determined by the blending of the asset returns and the 20-year high grade municipal bond rate as of June 30, 2021 less 0.1% for trust administration fees.
Salary increase	3.0% 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 ratesets	sef9.5(orp4gT8.5437 TD 3.TJ 0 thC5.4()-121)5.4(nu)5.4(ari1 .4437

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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

\$28,457,590 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending <u>June 30,</u>	
2023	\$ (79,599,169)
2024	\$ (74,663,818)
2025	\$ (66,176,574)
2026	\$ (39,412,715)
2027	\$ (35,737,280)
Thereafter	\$ (3,181,246)

Differences between projected and actual earnings on investment are amortized over a closed period of 5 years as of the June 30, 2021 measurement date. Changes in assumptions and differences between expected and actual experience are amortized over a closed period of 7.13 years as of the June 30, 2021 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 cove

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 13 – MANAGMENT'S PLANS (Continued)

The District's 2022-23 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and two subsequent years. As of the 2022-23 First interim report, the District is projected to have positive cash balances at June 30 for all three fiscal years 2022-23, 2023-2024, and 2024-25. The District has taken measures to reduce expenditures and increase reserves, including the one-time savings resulting from the COVID-19 pandemic as described above. The District has passed two Student-Centered Fiscal Recovery Plans, one on Febr

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2022

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
LCFF:				
State apportionment	\$ 331,459,392	\$ 330,403,324	\$ 276,528,575	\$ (53,874,749)
Local sources	101,290,667	106,807,567	114,895,574	8,088,007
Total LCFF	<u>432,750,059</u>	<u>437,210,891</u>	<u>391,424,149</u>	<u>(45,786,742)</u>
Federal sources	46,193,654	190,826,286	120,733,568	(70,092,718)
Other state sources	73,939,718	102,313,340	104,713,852	2,400,512
Other local sources	6,385,645	8,925,474	5,974,394	(2,951,080)
Total revenues	<u>559,269,076</u>	<u>739,275,991</u>	<u>622,845,963</u>	<u>(116,430,028)</u>
Expenditures:				
Current:				
Certificated salaries	225,805,852	241,406,944	237,235,646	4,171,298
Classified salaries	61,720,315	64,117,193	76,904,101	(12,786,908)
Employee benefits	189,329,145	186,225,105	185,060,292	1,164,813
Books and supplies	29,444,199	79,662,025	26,193,255	53,468,770
Contract services and operating expenditures	82,045,873	137,914,243	103,385,895	34,528,348
Other outgo	(150,180)	203,893	1,473,819	(1,269,926)
Capital outlay	1,781,522	15,203,478	9,148,969	6,054,509
Total expenditures	<u>589,976,726</u>	<u>724,732,881</u>	<u>639,401,977</u>	<u>85,330,904</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(30,707,650)</u>	<u>14,543,110</u>	<u>(16,556,014)</u>	<u>(31,099,124)</u>
Other financing sources (uses):				
Transfers in	2,316,301	2,291,754	3,162,296	870,542
Transfers out	(266,000)	(266,000)	(2,660,202)	(2,394,202)
Total other financing sources (uses)	<u>2,050,301</u>	<u>2,025,754</u>	<u>502,094</u>	<u>(1,523,660)</u>
Change in fund balance	(28,657,349)	16,568,864	(16,053,920)	(32,622,784)
Fund balance, July 1, 2021	<u>125,906,717</u>	<u>125,906,717</u>	<u>125,906,717</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ 97,249,368</u>	<u>\$ 142,475,581</u>	<u>\$ 109,852,797</u>	<u>\$ (32,622,784)</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, 2022

	Last 10 Fiscal Years				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
TOTAL OPEB LIABILITY					
Service cost	\$ 33,273,763	\$ 28,429,909	\$ 20,002,277	\$ 22,361,924	\$ 8,647,600
Interest on total OPEB liability	24,982,078	28,454,100	25,888,179	26,023,049	28,912,863
Differences between expected and actual experience	-	(135,537,910)	-	(98,105,689)	-
Changes of assumptions	(89,783,252)	(83,559,205)	29,041,398	(170,763,789)	10,859,088
Benefit payments	<u>(20,462,037)</u>	<u>(19,351,654)</u>	<u>(19,644,632)</u>	<u>(18,690,251)</u>	<u>(21,345,655)</u>
Net change in total OPEB liability	(51,989,448)	(181,564,760)	55,287,222	(239,174,756)	27,073,896
Total OPEB liability - beginning of year (a)	<u>832,507,858</u>	<u>780,518,410</u>	<u>598,953,650</u>	<u>654,240,872</u>	<u>415,066,116</u>
Total OPEB liability - end of year (b)	<u>\$ 780,518,410</u>	<u>\$ 598,953,650</u>	<u>\$ 654,240,872</u>	<u>\$ 415,066,116</u>	<u>\$442,140,012</u>
PLAN FIDUCIARY NET POSITION					

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
For the Year Ended June 30, 2022

	Other Postemployment Benefits Last 10 Fiscal Years				
	<u>2018</u>	<u>2019</u>	<u>2020*</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 41,766,451	\$ 29,997,546	\$ 30,861,105	\$ 31,958,000	\$ 28,427,786
Contributions in relation to the actuarially determined contribution	<u>(33,078,830)</u>	<u>(28,640,257)</u>	<u>(26,713,074)</u>	<u>(31,199,420)</u>	<u>(28,457,590)</u>
Contribution deficiency (excess)	<u>\$ 8,687,621</u>	<u>\$ 1,357,289</u>	<u>\$ 4,148,031</u>	<u>\$ 758,580</u>	<u>\$ (29,804)</u>
Covered employee payroll	\$ 284,495,904	\$ 271,833,894	\$ 279,376,002	\$ 302,034,133	\$343,087,662
Contributions as a percentage of covered employee payroll	11.63%	10.54%	9.56%	10.33%	8.29%

*The ADC for the District's fiscal year end June 30, 2020 was determined as part of the June 30, 2019 valuation using a 3.90% discount rate.

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2022

	State Teachers' Retirement Plan Last 10 Fiscal Years							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net pension liability	0.382%	0.375%	0.371%	0.372%	0.385%	0.396%	0.376%	0.337%
District's proportionate share of the net pension liability	\$233,056,000	\$252,331,000	\$299,780,000	\$344,390,000	\$353,827,000	\$357,334,000	\$364,571,000	\$153,342,000

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2022

	Public Employer's Retirement Fund B Last 10 Fiscal Years							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net pension liability	0.541%	0.534%	0.533%	0.518%	0.541%	0.527%	0.475%	0.461%
District's proportionate share of the net pension liability	\$ 61,440,000	\$ 78,659,000	\$ 105,299,000	\$ 123,753,000	\$ 144,170,000	\$ 153,723,000	\$ 145,701,000	\$ 93,712,000
District's covered payroll	\$ 56,813,000	\$ 59,079,000	\$ 63,963,000	\$ 66,095,000	\$ 72,476,000	\$ 73,410,000	\$ 68,605,000	\$ 66,484,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	187.24%	198.92%	209.40%	212.38%	140.95%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%

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.

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
 For the Year Ended June 30, 2022

	State Teachers' Retirement Plan Last 10 Fiscal Years							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 15,447,858	\$ 19,820,280	\$ 24,828,643	\$ 29,172,733	\$ 35,911,088	\$ 36,383,635	\$ 34,403,690	\$ 40,279,774
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>	<u>(35,911,088)</u>	<u>(36,383,635)</u>	<u>(34,403,690)</u>	<u>(40,279,774)</u>
Contribution deficiency (excess)	-							

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2022

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2022

NOTE 1 - PURPOSE OF SCHEDULES

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.

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

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.

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.

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.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The discount rate for the Net OPEB liability was 2.92, 3.56, 4.25, 3.90, 7.00 and 6.80 percent in the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 actuarial reports, respectively.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 actuarial reports, respectively.

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

<u>Assumption</u>	<u>Measurement Period</u>						
	As of June 30, <u>2021</u>	As of June 30, <u>2020</u>	As of June 30, <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

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, 2022

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Total
Revenues:									
LCFF	\$ -	\$ 16,622,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,622,320
Federal sources	-	582,763	919,200	7,124,134	28,165,890	-	-	-	36,791,987
Other state sources	-	3,670,152	2,438,615	6,200,532	280,459	-	3,682,693	-	16,272,451
Other local sources	1,080,701	(37,548)	2,225,325	1,004,884	76,135	8,161,150	9,252	1,941,924	14,461,823
Total revenues	<u>1,080,701</u>	<u>20,837,687</u>	<u>5,583,140</u>	<u>14,329,550</u>	<u>28,522,484</u>	<u>8,161,150</u>	<u>3,691,945</u>	<u>1,941,924</u>	<u>84,148,581</u>
Expenditures:									
Current:									
Certificated salaries	-	8,110,394	1,821,021	4,796,942	-	-	-	-	14,728,357
Classified salaries	-	939,529	1,251,203	2,495,496	8,816,798	-	-	-	13,503,026
Employee benefits	-	5,764,286	2,015,256	5,094,780	6,177,360	-	-	-	19,051,682
Books and supplies	852,712	248,551	249,981	513,663	13,014,492	-	-	-	14,879,399
Contract services and operating expenditures al out30,	-	1,930,542	1,132,497	461,245	1,046,091	173,160	-	14,992	4,758,527
	367826	78550	17777	17777	17777	17777	17777	17777	17777

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2022

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. There were no changes in the District boundaries in the current year under audit. The District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two adult education centers, two special education centers and forty-two children's centers and preschools, serving infants through age 12. Fifteen charter schools also operated in the District serving kindergarten through grade twelve, five of which were governed by the District Board of Education.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2022

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 For the Year Ended June 30, 2022

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2021-2022 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>District</u>				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
Grade 7	54,000	51,408	172	Out of Compliance
Grade 8	54,000	51,408	172	Out of Compliance
Grade 9	64,800	61,872	172	Out of Compliance
Grade 10	64,800	61,872	172	Out of Compliance
Grade 11	64,800	61,872	172	Out of Compliance
Grade 12	64,800	61,872	172	Out of Compliance
<u>Bowling Green Charter School - Classroom Based</u>				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
George Washington Carver				
Grade 9	64,800	61,872	172	Out of Compliance
Grade 10	64,800	61,872	172	Out of Compliance
Grade 11	64,800	61,872	172	Out of Compliance
Grade 12	64,800	61,872	172	Out of Compliance

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611	13379	\$ 9,237,550
84.027	IDEA: Private School ISP	13379	429,627
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	272,873
84.027A	IDEA: Mental Health Services, Part B, Sec 611	14468	477,100
84.173A	IDEA: Preschool Staff Development, Part B, Sec 619	13431	1,112
84.027A	IDEA: Quality Assurance & Focused Monitoring	13693	5,750
84.173A	Altemus,		

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

<u>Assistance Listing 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>			
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	\$ 198,454
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Gran	14332	70,143
84.060	Indian Education (From Federal Government)	10011	68,080
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	2,209,555
84.336	Sacramento STEM Power	*	36,428
84.367	ESEA: Title II, Part A, Supporting Effective		

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Health Care Services</u>			
93.575	Child Development Coronavirus Response Programs: Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend - COVID - 19	15555	\$ 1,930
93.575	Child Development: Federal California State Preschool Program (13-14)	*	71,140
93.596	Child Development: Federal California State Preschool Program (13-14)	13609	<u>18,963</u>
	Subtotal Child Development Coronavirus Response		<u>92,033</u>
93.674	Chafee Foster Care Independent Living	*	96,193
93.600	Head Start - Head Start Cluster	10016	6,682,071
93.566	Refugee Cash and Medical Assistance Program	*	175,399
<u>U.S. Department of Health and Human Services - Passed through Substance Abuse and Mental Health Services Administration</u>			
93.243	Meadowview Project Aware Grant	*	<u>821</u>
	Total U.S. Department Health and Human Services		<u>7,046,517</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.555	Child Nutrition Cluster: Child Nutrition: School Programs (e.g., School Lunch, School Breakfast, Milk, Pregnant & Lactating Students)	13396	26,763,017
10.559	Child Nutrition: Summer Food Service Program Operations	13004	<u>806,204</u>
	Subtotal Child Nutrition Cluster		<u>27,569,221</u>
10.558	Child Nutrition: Child Care Food Program	13666	<u>2,333,551</u>
	Total U.S. Department of Agriculture		<u>29,902,772</u>
<u>U.S. Department of Defense</u>			
12.357	ROTC Language and Culture Training Grants	*	291,727

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the Year Ended June 30, 2022

<u>Assistance Listing 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 Labor</u>			
17.259	Workforce Innovation and Opportunity Act Cluster: Workforce Investment Act, Youth Activities	10055	\$ <u>165,682</u>
<u>U.S. Department of Treasury - Passed through California Department of Education</u>			
21.019	COVID-19: Coronavirus Relief Funds (CRF): Learning Loss Mitigation	25516	<u>(13,719)</u>
	Total Federal Programs		<u>\$ 156,796,617</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, 2022

	Bond Interest and Redemption <u>Fund</u>
June 30, 2022 Unaudited Actual Financial Reporting Ending Fund Balance	\$ 21,226,253
To correct debt issuance premiums recorded by the Sacramento County Treasurer	<u>15,518,216</u>
June 30, 2022 Audited Financial Statements Ending	

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 For the Year Ended June 30, 2022
 (UNAUDITED)

	(Budget) <u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 693,423,917	\$ 626,008,259	\$ 629,933,392	\$ 557,546,896
Expenditures	651,256,668	639,401,977	591,568,014	532,129,368
Other uses and transfers out	-	2,660,202	5,507,272	2,698,262
Total outgo	<u>651,256,668</u>	<u>642,062,179</u>	<u>597,075,286</u>	<u>534,827,630</u>
Change in fund balance	<u>\$ 42,167,249</u>	<u>\$ (16,053,920)</u>	<u>\$ 32,858,106</u>	

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF CHARTER SCHOOLS
 For the Year Ended June 30, 2022

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 (NJB) Community Charter School	Included as Charter Schools Fund
0585	New Technology High School	Included as Charter Schools Fund
0596	Sacramento Charter High School	Separate Report
1948	Sacramento Academic and Vocational Academy (SAVA)	Separate Report
0552	Sol Aureus College Preparatory	Separate Report
0491	St. HOPE Public School 7	Separate Report
1186	Yav Pem Suab Academy	Separate Report

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
 For the Year Ended June 30, 2022

	<u>Academic and Support Services*</u>	<u>Child Care*</u>
Revenues		
Other local sources	\$ 165,195	\$ 307,702
Expenditures:		
Certificated salaries	93,834	106,412
Classified salaries	-	74,117
Employee benefits	62,733	107,009
Books and supplies	8,148	1,569
Contract services and operating expenditures	480	976
Indirect costs	-	17,619
Total expenditures	165,195	307,702
Change in fund balance	-	-
Fund balance, July 1, 2021	-	-
Fund balance, June 30, 2022	\$ -	\$ -

* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 69 to 70 of the financial statements for a complete presentation of the Child Development Fund.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

NOTE 1 - PURPOSE OF SCHEDULES

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.

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

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 present

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	Yes
Charter School Facility Grant Program	N/A, see reasoning

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform any testing of the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any testing of Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any testing of Middle or Early College High Schools.

The District is not reported as a District of Choice per the California Department of Education, therefore we did not perform any procedures related to District of Choice.

The District did not report any ADA related to Independent Study - Course Based; therefore, we did not perform any testing of Independent Study - Course Based ADA.

The District does not have a Charter School Facility Program; therefore, we did not perform any testing of Charter School Facility Program.

In our opinion, except for the noncompliance described in the Basis of 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, 2022.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of the 2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting (Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent and objective in our audit. We are not permitted to perform any audit work that is not required by the audit standards or the Audit Guide. We are required to be independent and objective in our audit. We are not permitted to perform any audit work that is not required by the audit standards or the Audit Guide.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Audit Guide, we:

- x Exercise professional judgment and maintain professional skepticism throughout the audit.
- x Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- x Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2021-2022 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

Sacramento, California
December 9, 2022

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sacramento City Unified School District 's financial statements are free from 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 financial statements. 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 Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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

Sacramento, California
December 9, 2022

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

Opinion 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

(Continued)

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Cre LLP

Sacramento, California
December 9, 2022

FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2022

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 auditors' report issued on compliance for major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Opinion</u>
84.425, 84.425C, 84.425F, 84.425U 84.010	COVID-19: Education Stabilization Fund (ESF) Programs Title I Programs	Unmodified 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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425, 84.425C, 84.425F, 84.425U 84.010	COVID-19: Education Stabilization Fund (ESF) Programs Title I Programs

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

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-006 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL – ANNUAL INSTRUCTIONAL MINUTES – CLASSROOM BASED (40000)

Criteria: Determine, by grade level, the total number of days in each sampled charter school's attendance calendar that were of at least the minimum length required, pursuant to Education Code section 47612.5(a)(1).

Condition: In the Spring of 2021-2022 fiscal year, the District's Charter Schools had a teacher strike in

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

(Continued)

2022-006 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL – ANNUAL INSTRUCTIONAL MINUTES – CLASSROOM BASED (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action: The loss of instructional days and minutes was a result of a workforce strike. The District will work to ensure the minimum number of days and minutes are met for the school year. Additionally, the District has the ability to submit a waiver to the State Board of Education to make up the lost days by adding to the instructional calendar double the lost number of instructional days/minutes for two consecutive school years, contingent upon state approval and negotiations.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2022

2021-001 DEFICIENCY - SEGREGATION OF DUTIES IN JOURNAL ENTRY PROCESSING (30000)

Condition: Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. This is a repeat finding of 2020-002.

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

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2022-001.

2021-002 STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Condition: At the following sites, Bowling Green Elementary and West Campus High, one or more attributes on the school accountability report card was not consistent with the information on the Facility Inspection Tool (FIT) for the site.

Recommendation: The District should ensure the school accountability report cards are completed appropriately based on the information of the most recent Facility Inspection Tool.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.