



Independent Audit Report for Fiscal Year Ended in June 30, 2024

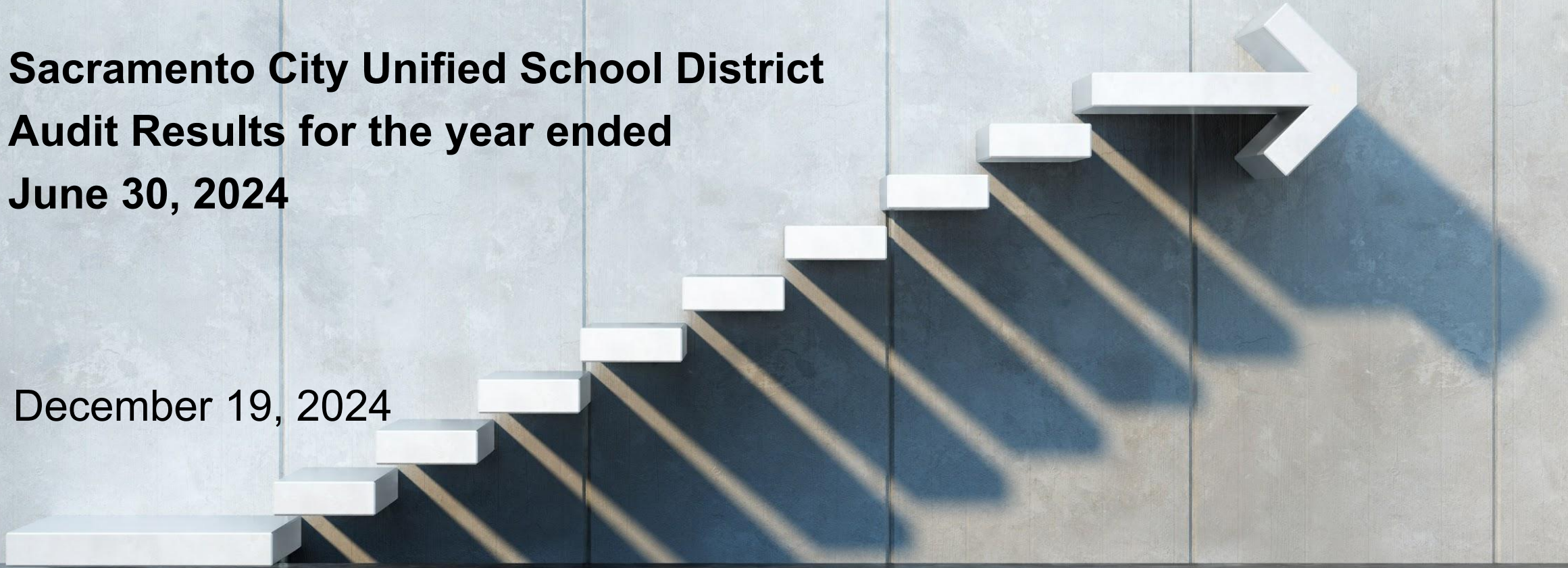
December 19, 2024
Agenda Item No. 11.2



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Sacramento City Unified School District Audit Results for the year ended June 30, 2024

December 19, 2024



Crowe LLP Engagement Team

- Jeff Jensen, Engagement Lead Partner
- Jen Aras, Concurring Technical Review Partner
- Brian Archambeault, Technical Review Partner
- Charles Raibley, Audit Senior Manager
- Tori Jokkel, Audit Senior Associate

Background on Crowe LLP

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

Auditor's Responsibilities, Planned Scope, and Audit Timeline

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



New Accounting Standards

- There were no new accounting standards with a material impact to the District's June 30, 2024 financial statements. However, the District implemented GASB 100, which requires more robust presentation when a district's major governmental funds change from year to year.

Corrected and Uncorrected Misstatements

- Corrected Misstatements:

- There were no corrected misstatements

- Uncorrected Misstatements:

- *Internal Service Fund (Self-Insurance):*

- A portion of the District's payroll is accounted for in the Internal Service Fund; therefore, a portion of the District's Net Pension Liability should also be allocated. The allocation would decrease net position of the self-insurance fund by \$410,855. However, the Internal Service Fund is combined with the Governmental Activities of the District; therefore, the District-wide Net Pension Liability is not understated.

- *Governmental Funds (All):*

- A journal entry to report the District's Cash in County Treasury balances at fair value was overstated due to a calculation discrepancy.

- *Building Fund:*

- An invoice for services provided in June 2024 was not accrued as accounts payable at June 30, 2024. The total extrapolated effect is an understatement of accounts payable and expenditures in the Building Fund totaling \$4,035,467.

Other Required Communications

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

Audit Results

Type of Opinion	Results / Questioned Cost
Financial Statements	Unmodified
Federal Compliance	Unmodified
State Compliance	Qualified
<ul style="list-style-type: none">• Attendance• Independent Study• Instructional Materials• School Accountability and Report Card• Charter Attendance	No fiscal impact Fiscal impact: \$17,558 No fiscal impact No fiscal impact No fiscal impact

Financial Highlights

- **Government-Wide Summary**

- Total assets of the District at June 30, 2024: \$ 1.8 billion
- Total net position of the District at June 30, 2024: \$ (150.6 million)
 - Net Pension Liability at June 30, 2024: \$ 449.1 million
 - Net OPEB Liability at June 30, 2024: \$ 263.8 million
- Total change in net position for the year ended June 30, 2024: \$ 166.9 million

- **General Fund Summary**

- Fund Balance at June 30, 2024: \$ 298.8 million
- Total change in Fund Balance: \$ 40.9 million

Audit Findings & Recommendations

- Internal Control Findings – three comments:
 - **Finding 2024-001 – Associated Student Body:**
 - At a selection of sites, one or more of the District’s internal control policies were not followed
 - **Fiscal impact:** There is no fiscal impact
 - **Finding 2024-002 – GASB 31 Fair Market Value Adjustment to Cash in County Treasury:**
 - The District miscalculated the net increase in fair value of investments, resulting in a government-wide overstatement of cash of \$5,719,666

Audit Findings & Recommendations

- Internal Control Findings – three comments:
 - **Finding 2024-003 – Accounts Payable:**
 - An invoice for construction services paid by the District in August 2024 included services provided in June 2024. Although the invoice included services performed prior to fiscal year-end, these amounts were not included in accounts payable as of June 30, 2024
 - **Fiscal Impact:** The extrapolated effect of the finding is an understatement of accounts payable at fiscal year-end in the Building Fund, totaling approximately \$4,035,567

Audit Findings & Recommendations

- State Compliance Findings – five comments:
 - **Finding 2024-004 – Attendance:**
 - Three schools improperly recorded a total of five student absences as present, resulting in an overstatement of six days attendance
 - **Fiscal impact:** The error is below 0.50 ADA, therefore there is no fiscal impact
 - **Finding 2024-005 – Independent Study:**
 - Independent Study – The District claimed attendance for students prior to the completion of the independent study contract at two schools
 - **Fiscal impact:** \$17,558

Audit Findings & Recommendations

- State Compliance Findings – five comments:
 - **Finding 2024-006 – Instructional Materials:**
 - The District did not hold the required public hearing regarding instructional materials within the first 8 weeks of school
 - **Fiscal impact:** There is no calculated fiscal impact
 - **Finding 2024-007 – School Accountability and Report Card:**
 - One or more of the attributes on the school accountability report card was not consistent with the information of the Facility Inspection Tool (FIT) for three schools
 - **Fiscal impact:** There is no calculated fiscal impact

Audit Findings & Recommendations

- State Compliance Findings – five comments:
 - **Finding 2024-008 – Charter School Attendance:**
 - Two students at were improperly recorded as present at a charter school, resulting in an overstatement of two days of attendance
 - **Fiscal impact:** The error is below 0.50 ADA, therefore there is no fiscal impact

Conclusion

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

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Questions

