



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 11.2

**Meeting Date:** December 19, 2024

**Subject:** Independent Audit Report for the Fiscal Year Ended June 30, 2024,  
Submitted by Crowe LLP

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

**Division:** Business Services

**Recommendation:** Receive the Independent Audit Report for the Fiscal Year Ended June 30, 2024, submitted by Crowe LLP.

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

Crowe LLP has completed the audit for the 2023-24 fiscal year. State law requires that the Board of Education review the annual audit report. These reports are filed with the County Superintendent, State Department of Education and the State Controller's Office.

**Financial Considerations:** None.

**LCAP Goal(s):** Graduation Outcomes, Academic Outcomes, and Welcoming and Safety Outcomes

**Documents Attached:**

1. Executive Summary
2. Independent Audit Report for the Fiscal Year Ended June 30, 2024, Submitted by Crowe LLP

**Estimated Time:** 10 Minutes

**Submitted by:** Janea Marking, Chief Business & Operations Officer

**Approved by:** Lisa Allen, Superintendent

# Board of Education Executive Summary

## Business Services

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

Submitted by Crowe LLP

December 19, 2024



### I. OVERVIEW/HISTORY:

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

The firm of Crowe LLP audited the financial statements of the district for the year ended June 30, 2024. The audit is conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that the audit is planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and internal controls.

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

Staff and Crowe LLP will present the 2023-24 audit report at tonight's December 19, 2024 Board Meeting.

### II. DRIVING GOVERNANCE:

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

### III. BUDGET:

The cost of the annual audit for the year ending June 30, 2024 was \$183,500. This is a General Fund expenditure.

# Board of Education Executive Summary

## Business Services

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

Submitted by Crowe LLP

December 19, 2024



### IV. GOALS, OBJECTIVES AND MEASURES:

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

### V. MAJOR INITIATIVES:

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

### VI. RESULTS:

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

### VII. LESSONS LEARNED/NEXT STEPS:

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

**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

June 30, 2024

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 FINANCIAL STATEMENTS  
 WITH SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2024

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 FINANCIAL STATEMENTS  
 WITH SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2024

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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, 2024, 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, 2024, 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sacramento City Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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.

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(Continued)

## ***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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sacramento City Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, 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 a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 13 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of The District's Contributions - OPEB, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 60 to 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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(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 as listed in the table of contents 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 Information**

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3 , 2024 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 3 , 2024

## Management’s Discussion and Analysis

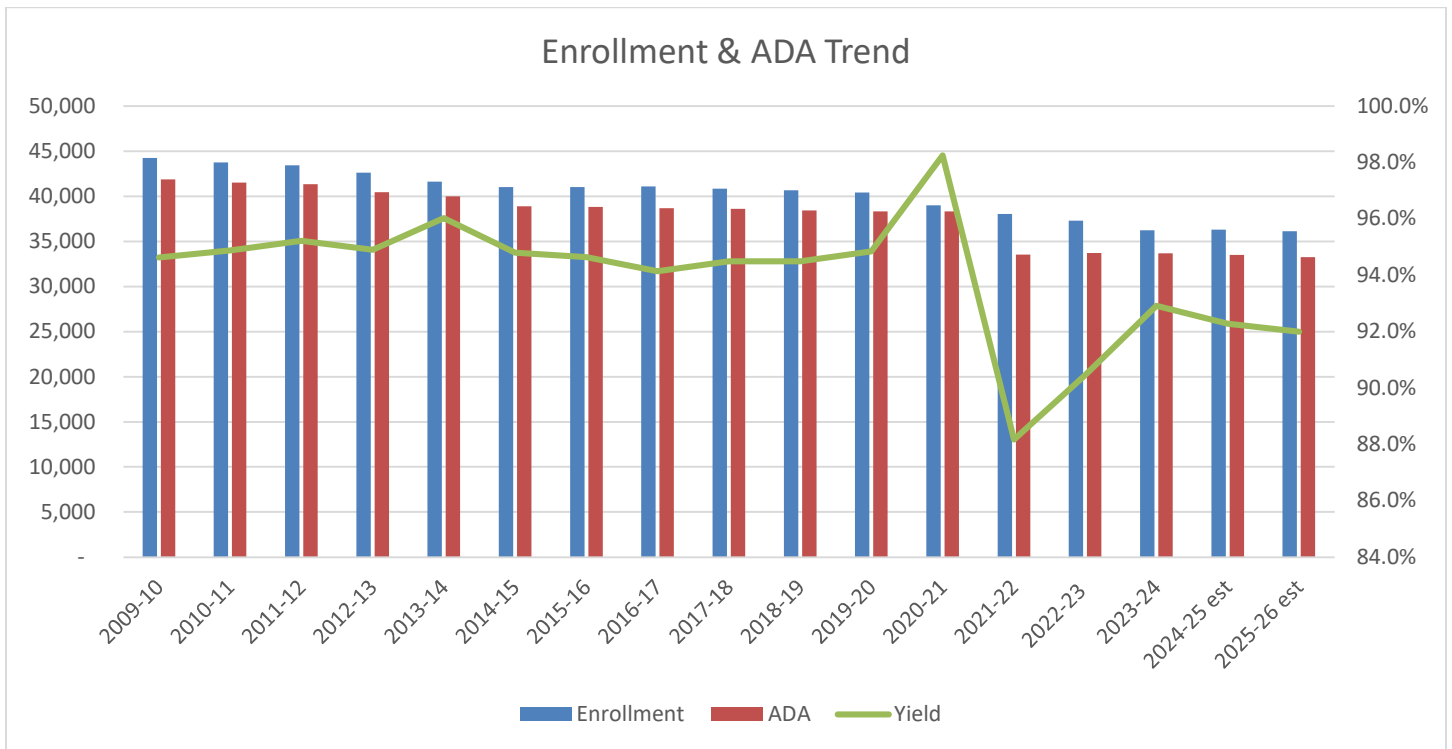
The Management’s Discussion and Analysis (MD&A) Section of the audit report is District management’s overall view of the District’s financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by 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 fourteenth-largest school district in California, with a student enrollment of 42,554. The District provides educational services to the residents in and around Sacramento, the state capital. Although the District operates under the jurisdiction of the Sacramento County Office of Education, it has attained ‘fiscal accountability’ status under the California Education Code.

For fiscal year 2023-24, 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, two dependent charter elementary schools (grades K-6), three dependent charter high schools (grades 9-12), seven independent charters residing in District facilities, three independent charters not residing in District facilities, thirty-six preschool programs, three before/after school children’s centers, and thirty-three transitional kindergarten programs.

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 94.19% ADA to enrollment. The chart below illustrates the District’s projected enrollment, ADA, and funded ADA:



## **Emergency School Closures**

On February 4, 2024, the Governor of California declared a statewide state of emergency in response to severe storms, causing persistent adverse weather conditions in the Sacramento area and subsequent power outages at various district campuses, including the closure of two district schools, on February 5, 2024. In compliance with Education Code Section 41422, the district enacted emergency closures and submitted emergency waiver requests to the state for these school closures. The District's responsible response to the emergency not only ensured the safety and well-being of its students and staff but also reflected a positive financial outlook. This proactive approach demonstrates the District's commitment to preparedness for unexpected and significant events. As we navigate such challenges, the District remains consistent in its dedication to maintaining fiscal responsibility and safeguarding the continuity of education for its community. The successful approval of J-13A requests for campus closures by the California Department of Education (CDE) further underscores the District's prudent financial management during unforeseen circumstances.

## **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:

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

The District's Core Values:

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

## The District's Goals:

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

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

## Overview of the Financial Statements

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

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

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

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

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

These two financial statements start on page 14.

The remaining statements are fund financial statements that report on the District's operations in more detail than the district-wide statements. These statements begin on page 16.

## 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:

	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Variance</b>	<b>% Diff</b>
Capital Assets	\$735,399,429	\$664,601,498	\$70,797,931	11%
Other Assets	1,069,195,352	875,171,650	194,023,702	22%
<b>Total Assets</b>	<b>1,804,594,781</b>	<b>1,539,773,148</b>	<b>264,821,633</b>	<b>17%</b>
<b>Deferred Outflows of Resources</b>	<b>224,458,549</b>	<b>189,958,284</b>	<b>34,500,265</b>	<b>18%</b>
Current and Other Liabilities	178,749,175	199,907,064	(21,157,889)	-11%
Long-Term Liabilities	1,734,733,071	1,467,939,991	266,793,080	18%
<b>Total Liabilities</b>	<b>1,913,482,246</b>	<b>1,667,847,055</b>	<b>245,635,191</b>	<b>15%</b>
<b>Deferred Inflows of Resources</b>	<b>266,181,205</b>	<b>379,376,085</b>	<b>(113,194,880)</b>	<b>-30%</b>
Net Investment in Capital Assets (net of related debt)	194,418,392	161,367,275	33,051,117	20%
Restricted Net Position	263,585,549	260,362,322	3,223,227	1%
Unrestricted Net Position	(608,614,062)	(739,221,305)	130,607,243	18%
<b>Total Net Position</b>	<b>(\$150,610,121)</b>	<b>(\$317,491,708)</b>	<b>\$166,881,587</b>	<b>53%</b>

At the end of fiscal year 2023-24, the District had a total value of \$1,510,562,731 in capital assets. Capital assets include land, buildings, site improvements, equipment and work in progress. Total accumulated depreciation amounted to \$775,163,302. Net capital assets totaled \$735,399,429, an increase of \$70,797,931 from prior year.

Current and other liabilities include accounts payable, unpaid self-insurance claims and unearned revenue. The District ended the year with a total of \$1,913,482,246 in outstanding obligations, which was an increase of \$245,635,191 over the prior year. The primary reason for the increase in liabilities was an increase of long-term liabilities of \$266,793,080. On February 22, 2024, the District issued 2024 General Obligation Refunding Bonds totaling \$9,020,000. Bond proceeds were used to refund all maturities of the District's 2013 Series A General Obligation Bonds. As of June 30, 2024, the refunded maturities have been fully repaid. In addition, on February 22, 2024, the District issued 2024 General Obligation Refunding Bonds, Series B, totaling \$66,805,000. Bond proceeds were used to refund certain outstanding maturities of the District's General Obligation Bonds, as follows: 2015 Refunding, 2015 Series C-1, 2016 Series D, 2017 Series C, 2017 Series E, 2019 Series D, and 2022 Series A. As of June 30, 2024, the refunded maturities have been fully repaid. On June 27, 2024, the District issued Election of 2020, 2024 Series B General Obligation Bonds totaling \$262,500,000. Bond proceeds are to be used for construction related projects.

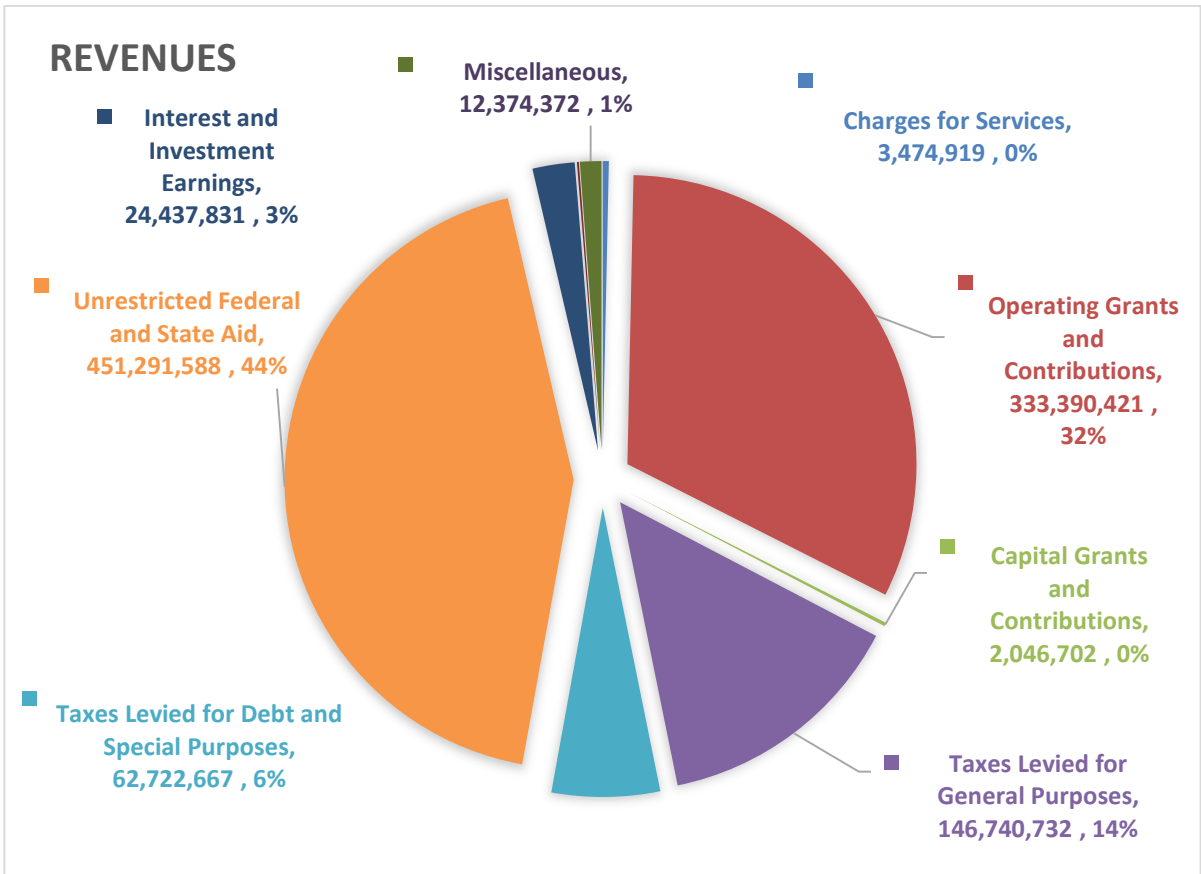
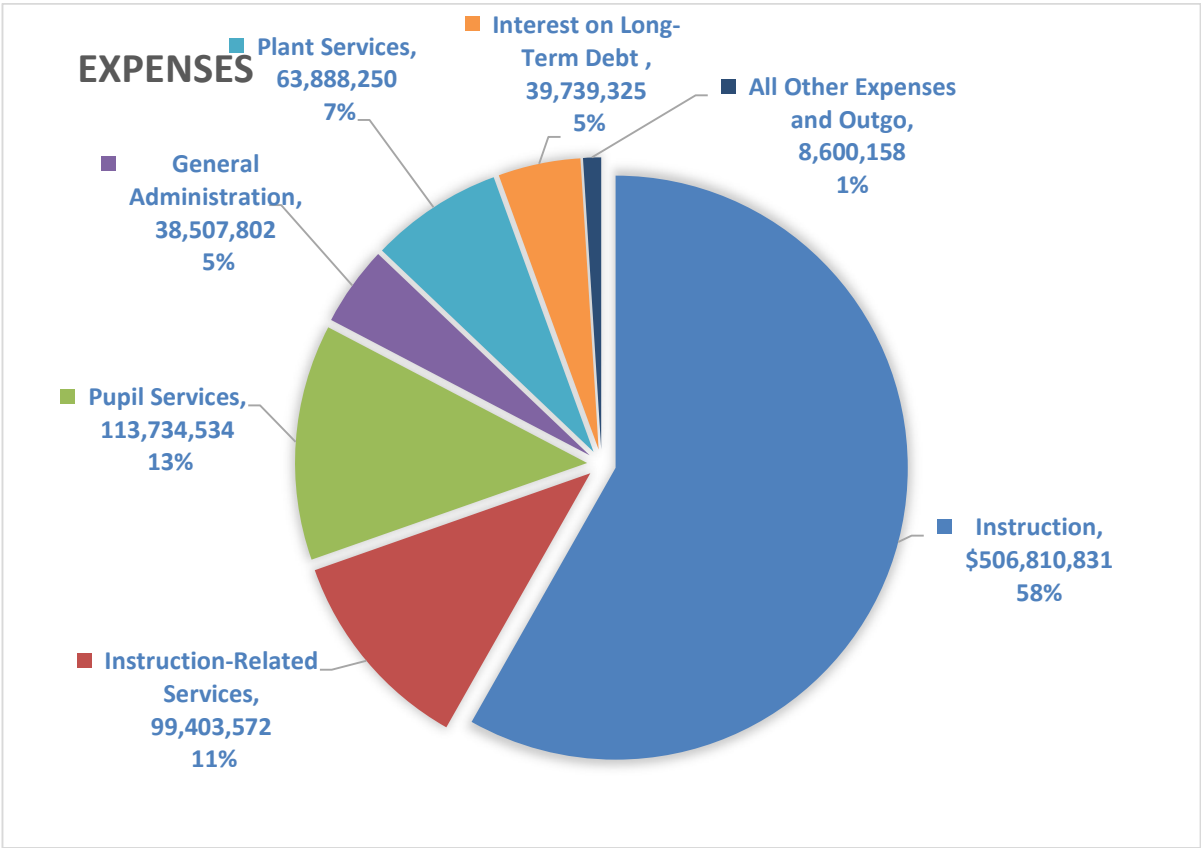
The Statement of Activities is a district-wide financial statement that reports the District's cost of instruction and other district activities, and the resources that fund individual and general activities of the District. Comparative financial information for the year ended June 30 is presented in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

	<b>June 30, 2024</b>	<b>June 30, 2023</b>	<b>Variance</b>	<b>% Diff</b>
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$506,810,831	\$375,574,546	\$131,236,285	35%
Instruction-Related Services	99,403,572	66,085,627	33,317,945	50%
Pupil Services	113,734,534	91,734,611	21,999,923	24%
General Administration	38,507,802	30,070,866	8,436,936	28%
Plant Services	63,888,250	56,002,302,	7,885,948	14%
Interest on Long-Term Debt	39,739,325	39,819,563	(80,238)	0%
All Other Expenses and Outgo	8,600,158	6,781,081	1,819,077	27%
<b>Total Governmental Activity Expenses</b>	<b>\$870,684,472</b>	<b>\$666,068,596</b>	<b>\$204,615,876</b>	<b>31%</b>

<b>Revenues</b>				
Charges for Services	3,474,919	3,712,658	(237,739)	-6%
Operating Grants and Contributions	333,390,421	350,614,727	(17,224,306)	-5%
Capital Grants and Contributions	2,046,702	54	2,046,648	3790089%
Taxes Levied for General Purposes	146,740,732	135,490,883	11,249,849	8%
Taxes Levied for Debt and Special Purposes	62,722,667	67,518,967	(4,796,300)	-7%
Unrestricted Federal and State Aid	451,291,588	381,203,145	70,088,443	18%
Interest and Investment Earnings	24,437,831	13,771,755	10,666,076	77%
Interagency Revenues	1,086,827	1,273,954	(187,127)	-15%
Miscellaneous	12,374,372	12,507,689	(133,317)	-1%
<b>Total Governmental Activity Revenues</b>	<b>\$1,037,566,059</b>	<b>\$966,093,832</b>	<b>\$71,472,227</b>	<b>7%</b>

<b>Change in Net Position</b>	<b>\$166,881,587</b>	<b>\$300,025,236</b>	<b>(\$133,143,649)</b>	<b>-44%</b>
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The District overall experienced a \$133,143,649 decrease in net position. Total revenues increased by 7% or \$71,472,227 from fiscal year 2022-23, primarily due to an increase in unrestricted federal and state aid and in interest and investment earnings. Total expenditures increased by 31% or \$204,615,876 from the 2022-23 fiscal year. The increase in expenditures is primarily due to an increase in instruction and instruction related services, and in smaller part due to increase in pupil services, general administration and plant services.



## Fund Financial Statements

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

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

The District has three kinds of funds:

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

## General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2024:

	<b>Adopted Budget</b>	<b>Year End Budget</b>	<b>Actual</b>
Total Revenues	\$720,405,510	\$759,694,980	\$854,165,243
Total Expenditures	\$698,974,476	\$816,308,639	\$815,896,594
Total Other Financing Sources/(Uses)	\$2,475,399	\$2,368,261	\$2,629,751

The net revenue increase of \$39,289,470 between the Adopted Budget and Year-End Budget is due to an increase in Federal and State Revenue, primarily resulting from the recognition of COVID-related funding sources, as well as carryover funds from the 2023-24 year-end closing process.



The net increase to the total expenditure budget between Adopted and Year End Budget was \$117,334,163, primarily due to budgeting expenditures for COVID related funding sources and the increase in salaries and benefits as a result of bargaining unit settlement agreements.

Actual revenues were \$854,165,243, compared to the Year End Budget of \$759,694,980. Actual expenditures were \$815,896,594 or 0.05% higher (\$412,045) than Year End Budget due to slightly higher expenditures as compared to budget expenditures

The following table summarizes the General Fund financial statements for the year ended June 30, 2024:

Total Revenues	\$854,165,243
Total Expenditures	\$815,896,594
Total Other Financing Sources/ (Uses)	\$2,629,751
Net Change	\$40,898,400

### 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 2023-24 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, 2024	June 30, 2023	Difference
Fund 01 General	\$298,831,135	\$257,932,735	\$40,898,400
Fund 08 Student Activity Fund	\$1,668,396	\$1,570,033	\$98,363
Fund 09 Charter Schools	\$15,685,391	\$15,520,269	\$165,122
Fund 11 Adult Education	\$167,168	\$1,061,008	(\$893,840)
Fund 12 Child Development	\$3,561,647	\$1,239,859	\$2,321,788
Fund 13 Cafeteria	\$16,811,123	\$18,388,342	(\$1,577,219)
Fund 21 Building	\$457,848,204	\$277,090,337	\$180,757,867
Fund 25 Developer Fees	\$30,852,823	\$26,933,108	\$3,919,715
Fund 35 County School Facilities Fund	\$3,237	\$0	\$3,237
Fund 49 Community Facilities	\$2,710,750	\$1,794,788	\$915,962
Fund 51 Bond Interest and Redemption	\$65,299,262	\$71,570,589	(\$6,271,327)
Fund 67 Self Insurance	\$12,168,009	\$12,328,878	(\$160,869)

## 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, 2024

<b><u>Measure Q Total</u></b>	<b><u>\$ 33,083,848</u></b>
-------------------------------	-----------------------------

- |  |            |
|--|------------|
| ● Program Management Expenditures              | 980,767    |
| ● Completed Project Expenditures:              |            |
| ▪ Technology Upgrades                          | 370,683    |
| ● In Progress Project Expenditures:            |            |
| ▪ Core Academic Renovation                     | 7,813,844  |
| ▪ District Wide Fire & Irrigation Improvements | 76,450     |
| ▪ Modernization, Repair & Upgrades             | 23,842,104 |

<b><u>Measure R Total</u></b>	<b><u>\$ 738,869</u></b>
-------------------------------	--------------------------

- |                                   |         |
|-----------------------------------|---------|
| ● Program Management Expenditures | 637     |
| ● Completed Project Expenditures: |         |
| ▪ Hiram Johnson Stadium           | 738,232 |

<b><u>Measure H Total</u></b>	<b><u>\$ 63,820,565</u></b>
-------------------------------	-----------------------------

- |                                     |            |
|-------------------------------------|------------|
| ● Program Management Expenditures   | 3,290,601  |
| ● In Progress Project Expenditures: |            |
| ▪ Academic and Safety Equal Access  | 39,099,584 |
| ▪ PE and Athletic Programs          | 8,227,156  |
| ▪ Safety and Security Improvements  | 3,939,996  |
| ▪ School and Classroom Improvements | 5,825,619  |
| ▪ Technology Enhancements           | 3,437,609  |

## Summary of Future Projects as of June 30, 2024

<u>Project Year(s)</u>	<u>Projects</u>	<u>Estimated Budget</u>
<b><u>Measure Q Total</u></b>		<b><u>\$ 40,883,642</u></b>
2024-2025	Core Academic Renovation	6,986,002
2024-2025	Modernization, Repair, and Upgrade Projects	32,211,426
2024-2025	District Wide Fire & Irrigation Improvements	86,214
2024-2025	Program Management	1,600,000
<b><u>Measure H Total</u></b>		<b><u>\$ 669,575,301</u></b>
2024-2028	Academic and Safety Equal Access – New Construction and Major Modernization	\$ 404,712,168
2024-2028	School and Classroom Improvements – Campus Renewal / Furniture Replacement / Sustainability/Energy Reduction / STEAM and CTE Programs	\$ 237,197,125
2024-2028	Safety and Security Improvements – Safety / Path of Travel Remediation	\$ 949,218
2024-2028	PE and Athletic Programs - Playground Structures	\$ 21,716,790
2024-2028	Program Management	\$ 5,000,000

### District Indebtedness

As of June 30, 2024, the District has incurred \$1,734,733,071 in long-term liabilities. Of this amount, \$909,627,354 are General Obligation Bonds and Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002, 2012 and 2020, and \$48,945,000 is Lease Revenue Bonds, backed by Developer Fees and Mello-Roos Community Facilities funds.

### Financial Outlook

The overall financial strategy underscores anticipation of an improved State Budget and increased funding, contingent on stable or growing enrollment. 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 and the expanding TK program.

On May 8, 2024, the State Board of Education (SBE) approved the District's waiver request for penalties related to the 2021-2022 school year, allowing the District to retain \$46 million in funding. These funds will be reinvested to enhance student learning by hiring additional certificated staff and expanding instructional time. The District's approved learning recovery plan, adds eight instructional days to both the 2024-2025 and 2025-2026 academic calendars, beginning with the first day of school on August 19, 2024. This plan addresses the academic, social, and emotional needs of students while reinforcing the District's financial stability. By retaining significant funding and proactively addressing challenges, the District continues to prioritize fiscal responsibility and invest in initiatives that support long-term student success.

Proactive measures have been implemented over the past fiscal years to curtail expenditures and bolster reserves. The adoption of two Fiscal Recovery Plans, enacted on February 4, 2021, and December 17, 2021, demonstrates the District's commitment to addressing the persistent structural deficit. Encouragingly, the 2024-25 First Interim report projects positive cash balances at June 30 for the fiscal years 2024-25, and 2026-27

The District continues to work with its labor partners, community stakeholders, and Sacramento County Office of Education fiscal advisor to maintain fiscal stability. This collaborative approach reflects a commitment to inclusivity and comprehensive engagement in the pursuit of financial well-being.

## **BASIC FINANCIAL STATEMENTS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 976,244,789	\$ 35,846	\$ 976,280,635
Receivables	91,028,585	919	91,029,504
Internal balances	(8,820)	8,820	-
Stores inventory	1,930,798	-	1,930,798
Non-depreciable capital assets (Note 4)	120,247,807	-	120,247,807
Depreciable capital assets, net of accumulated depreciation (Note 4)	615,151,622	-	615,151,622
Total assets	<u>1,804,594,781</u>	<u>45,585</u>	<u>1,804,640,366</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow s of resources - pensions (Notes 8 and 9)	170,824,404	-	170,824,404
Deferred outflow s of resources - OPEB (Note 10)	52,956,126	-	52,956,126
Deferred loss on refunding of debt	678,019	-	678,019
Total deferred outflow s of resources	<u>224,458,549</u>	<u>-</u>	<u>224,458,549</u>
<b>LIABILITIES</b>			
Accounts payable	168,552,254	139	168,552,393
Unpaid claims and claim adjustment expenses (Note 5)	359,375	-	359,375
Unearned revenue	9,837,546	-	9,837,546
Long-term liabilities (Note 6):			
Due w ithin one year	55,772,280	-	55,772,280
Due after one year	1,678,960,791	-	1,678,960,791
Total liabilities	<u>1,913,482,246</u>	<u>139</u>	<u>1,913,482,385</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow s of resources - OPEB (Note 10)	207,623,047	-	207,623,047
Deferred inflow s of resources - pensions (Notes 8 and 9)	48,097,000	-	48,097,000
Deferred gain on refunding of debt	10,461,158	-	10,461,158
Total deferred inflow s of resources	<u>266,181,205</u>	<u>-</u>	<u>266,181,205</u>
<b>NET POSITION</b>			
Net investment in capital assets	194,418,392	-	194,418,392
Restricted:			
Legally restricted programs	164,719,477	-	164,719,477
Capital projects	33,566,810	-	33,566,810
Debt service	65,299,262	-	65,299,262
Unrestricted	(608,614,062)	45,446	(608,568,616)
Total net position	<u>\$ (150,610,121)</u>	<u>\$ 45,446</u>	<u>\$ (150,564,675)</u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 506,810,831	\$ 79,697	\$ 177,832,747	\$ 2,046,702	\$ (326,851,685)	\$ -	\$ (326,851,685)
Instruction-related services:							
Supervision and administration	50,328,624	18,718	31,845,471	-	(18,464,435)	-	(18,464,435)
Library, media and technology	3,288,261	21	473,092	-	(2,815,148)	-	(2,815,148)
School site administration	45,786,687	13,734	5,568,315	-	(40,204,638)	-	(40,204,638)
Pupil services:							
Home-to-school transportation	18,793,792	-	4,924,549	-	(13,869,243)	-	(13,869,243)
Food services	39,434,140	41,381	39,601,381	-	208,622	-	208,622
All other pupil services	55,506,602	67,189	36,338,059	-	(19,101,354)	-	(19,101,354)
General administration:							
Centralized data processing	5,916,331	-	423,095	-	(5,493,236)	-	(5,493,236)
All other general administration	32,591,471	3,349	7,822,887	-	(24,765,235)	-	(24,765,235)
Plant services	63,888,250	160,085	5,836,123	-	(57,892,042)	-	(57,892,042)
Ancillary services	6,936,462	152	2,260,160	-	(4,676,150)	-	(4,676,150)
Community services	344,576	1,675	11,319	-	(331,582)	-	(331,582)
Enterprise activities	(1,594)	-	-	-	1,594	-	1,594
Other outgo	1,320,714	3,088,918	20,453,223	-	22,221,427	-	22,221,427
Interest on long-term liabilities	39,739,325	-	-	-	(39,739,325)	-	(39,739,325)
Total governmental activities	870,684,472	3,474,919	333,390,421	2,046,702	(531,772,430)	-	(531,772,430)
Business-Type activities:							
Enterprise activities	29,025	-	-	-	-	(29,025)	(29,025)
Total governmental and business-type activities	\$ 870,713,497	\$ 3,474,919	\$ 333,390,421	\$ 2,046,702	(531,772,430)	(29,025)	(531,801,455)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					146,740,732	-	146,740,732
Taxes levied for debt service					56,462,661	-	56,462,661
Taxes levied for other specific purposes					6,260,006	-	6,260,006
Federal and state aid not restricted to specific purposes					451,291,588	-	451,291,588
Interest and investment earnings					24,437,831	2,233	24,440,064
Interagency revenues					1,086,827	-	1,086,827
Miscellaneous					12,374,372	47,191	12,421,563
Total general revenues					698,654,017	49,424	698,703,441
Change in net position					166,881,587	20,399	166,901,986
Net position, July 1, 2023					(317,491,708)	25,047	(317,466,661)
Net position, June 30, 2024					\$ (150,610,121)	\$ 45,446	\$ (150,564,675)

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2024

	<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments:				
Cash in County Treasury	\$ 355,051,812	\$ 141,715,337	\$ 127,761,537	\$ 624,528,686
Cash in banks	19,442	354,489	1,623,594	1,997,525
Cash in revolving fund	150,000	-	2,000	152,000
Cash with fiscal agent	-	325,808,083	12,419,485	338,227,568
Collections awaiting deposit	-	-	14,650	14,650
Receivables	70,047,833	2,448,135	18,289,193	90,785,161
Due from other funds	7,363,775	1,490,955	8,122,254	16,976,984
Stores inventory	103,810	-	1,826,988	1,930,798
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 432,736,672</u>	<u>\$ 471,816,999</u>	<u>\$ 170,059,701</u>	<u>\$ 1,074,613,372</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 117,601,028	\$ 13,968,795	\$ 21,563,992	\$ 153,133,815
Unearned revenue	7,271,800	-	2,565,746	9,837,546
Due to other funds	9,032,709	-	9,170,166	18,202,875
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>133,905,537</u>	<u>13,968,795</u>	<u>33,299,904</u>	<u>181,174,236</u>
Fund balances:				
Nonspendable	253,810	-	1,828,988	2,082,798
Restricted	126,825,752	457,848,204	134,930,809	719,604,765
Assigned	90,000,000	-	-	90,000,000
Unassigned	81,751,573	-	-	81,751,573
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>298,831,135</u>	<u>457,848,204</u>	<u>136,759,797</u>	<u>893,439,136</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 432,736,672</u>	<u>\$ 471,816,999</u>	<u>\$ 170,059,701</u>	<u>\$ 1,074,613,372</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, 2024

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Total fund balances - Governmental Funds \$ 893,439,136

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 \$1,510,562,731 and the accumulated depreciation is \$775,163,302 (Note 4). 735,399,429

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, 2024 consisted of (Note 6):

General Obligation Bonds	\$ (885,040,439)	
Accreted interest	(24,586,915)	
Lease Revenue Bonds	(48,945,000)	
Premium on issuance	(55,060,663)	
Net pension liability (Notes 8 and 9)	(449,124,000)	
Net OPEB liability (Note 10)	(263,784,408)	
Compensated absences	(8,191,646)	(1,734,733,071)

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: 12,168,009

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: (15,160,968)

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. 678,019

Gains on the refunding of debt are recognized as income in the period they are incurred. In the government-wide statements, they are categorized as deferred inflows and are amortized over the life of the related debt. (10,461,158)

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -  
 TO THE STATEMENT OF NET POSITION  
 June 30, 2024

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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	\$	52,956,126	
Deferred inflows of resources relating to OPEB		<u>(207,623,047)</u>	\$ (154,666,921)

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		170,824,404	
Deferred inflows of resources relating to pensions		<u>(48,097,000)</u>	<u>122,727,404</u>
 Total net position - governmental activities			 <u>\$ (150,610,121)</u>

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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, 2024

	General Fund	Building Fund	(formerly major) Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local control funding formula (LCFF):					
State apportionment	\$ 428,221,643	\$ -		\$ 19,919,234	\$ 448,140,877
Local sources	128,254,417	-		-	128,254,417
Total LCFF	<u>556,476,060</u>	<u>-</u>		<u>19,919,234</u>	<u>576,395,294</u>
Federal sources	134,250,238	-		38,155,744	172,405,982
Other state sources	131,091,542	-		29,785,410	160,876,952
Other local sources	32,347,403	14,440,184		82,449,711	129,237,298
Total revenues	<u>854,165,243</u>	<u>14,440,184</u>		<u>170,310,099</u>	<u>1,038,915,526</u>
Expenditures:					
Current:					
Certificated salaries	313,649,873	-		19,131,389	332,781,262
Classified salaries	89,944,545	819,518		19,354,341	110,118,404
Employee benefits	219,988,752	448,322		23,002,406	243,439,480
Books and supplies	27,575,132	1,732,896		21,799,192	51,107,220
Contract services and operating expenditures	139,146,057	4,860,829		5,873,743	149,880,629
Other outgo	1,320,714	-		-	1,320,714
Capital outlay	24,271,521	91,455,708		879,590	116,606,819
Debt service:					
Principal retirement	-	-		46,590,453	46,590,453
Interest	-	-		36,534,011	36,534,011
Total expenditures	<u>815,896,594</u>	<u>99,317,273</u>		<u>173,165,125</u>	<u>1,088,378,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,268,649</u>	<u>(84,877,089)</u>		<u>(2,855,026)</u>	<u>(49,463,466)</u>
Other financing sources (uses):					
Transfers in	3,714,761	2,043,465		1,085,010	6,843,236
Transfers out	(1,085,010)	-		(5,758,226)	(6,843,236)
Proceeds from the sale of bonds	-	338,325,000		-	338,325,000
Deposit to refunding escrow account	-	(84,009,215)		-	(84,009,215)
Debt issuance premiums	-	9,275,706		6,210,043	15,485,749
Total other financing sources (uses)	<u>2,629,751</u>	<u>265,634,956</u>		<u>1,536,827</u>	<u>269,801,534</u>
Change in fund balances	40,898,400	180,757,867		(1,318,199)	220,338,068
Fund balances, July 1, 2023	<u>257,932,735</u>	<u>277,090,337</u>	\$ 71,570,589	<u>66,507,407</u>	<u>673,101,068</u>
Changes within the reporting entity	-	-	(71,570,589)	71,570,589	-
Fund balances, July 1, 2023, as adjusted	<u>257,932,735</u>	<u>277,090,337</u>	-	<u>138,077,996</u>	<u>673,101,068</u>
Fund balances, June 30, 2024	<u>\$ 298,831,135</u>	<u>\$ 457,848,204</u>		<u>\$ 136,759,797</u>	<u>\$ 893,439,136</u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

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Net change in fund balances - Total Governmental Funds	\$ 220,338,068
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	116,706,337
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(45,826,076)
In the governmental funds, the entire proceeds (loss) from the of capital assets is reported as revenue (loss). In the statement of activities, only the resulting gain or loss is reported (Note 4)	(82,330)
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 6).	(338,325,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	46,590,453
Payments made to the refunding escrow is an other financing use in governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	78,250,000
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	457,436
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the liability in the statement of net position. (Note 6).	325,084
In governmental funds, deferred inflows and deferred outflows of resources are not recognized. In the government-wide statements, deferred inflows and deferred outflows of resources are amortized over the life of the debt. The net activity in the deferred outflow for the current year is:	(5,345,218)
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.	(4,995,608)

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGE IN FUND BALANCES GOVERNMENTAL FUNDS -  
 TO THE STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2024

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Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. The change in net position for the Self-Insurance Fund was:	\$ (160,869)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 8 and 9):	23,774,470
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6).	(2,216,657)
In the statement of activities, expenses related to net OPEB liability are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6 and 10).	<u>77,391,497</u>
Change in net position of governmental activities	<u><u>\$ 166,881,587</u></u>

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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, 2024

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	Business-Type <u>Activities</u> Cafeteria Enterprise <u>Fund</u>	Governmental <u>Activities</u> Self Insurance <u>Fund</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments:		
Cash in County Treasury	\$ 35,933	\$ 11,074,350
Cash in banks	(87)	10
Cash with fiscal agent	-	250,000
Receivables	919	243,424
Due from other funds	8,850	1,217,380
Total current assets	45,615	12,785,164
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	139	257,471
Due to other funds	30	309
Unpaid claims and claim adjustment expenses	-	359,375
Total current liabilities	169	617,155
<b>NET POSITION</b>		
Unrestricted	\$ 45,446	\$ 12,168,009

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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, 2024

	Business-Type <u>Activities</u> Cafeteria Enterprise <u>Fund</u>	Governmental <u>Activities</u> Self Insurance <u>Fund</u>
Operating revenues:		
Self insurance premiums	\$ -	\$ 15,500,434
Other local revenue	<u>47,191</u>	<u>-</u>
Total operating revenues	<u>47,191</u>	<u>15,500,434</u>
Operating expenses:		
Classified salaries	9,780	487,081
Employee benefits	2,191	259,462
Books and supplies	16,587	143,822
Contract services	467	16,775
Provision for claims and claim adjustment expenses	<u>-</u>	<u>15,322,290</u>
Total operating expenses	<u>29,025</u>	<u>16,229,430</u>
Net operating income (loss)	18,166	(728,996)
Non-operating income:		
Interest income	<u>2,233</u>	<u>568,127</u>
Change in net position	20,399	(160,869)
Total net position, July 1, 2023	<u>25,047</u>	<u>12,328,878</u>
Total net position, June 30, 2024	<u>\$ 45,446</u>	<u>\$ 12,168,009</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, 2024

	<u>Business-Type Activities Cafeteria Enterprise Fund</u>	<u>Governmental Activities Self Insurance Fund</u>
<b>Cash flows provided by operating activities:</b>		
Cash received from self-insurance premiums or other revenues	\$ 46,281	\$ 15,485,101
Cash paid for employee benefits	(11,971)	(746,543)
Cash paid for claims	-	(15,263,616)
Cash paid for other expenses	<u>(36,731)</u>	<u>(112,092)</u>
Net cash used in operating activities	(2,421)	(637,150)
<b>Cash flows provided by investing activities:</b>		
Interest income received	<u>2,233</u>	<u>568,127</u>
Change in cash and investments	(188)	(69,023)
Cash and investments, July 1, 2023	<u>36,034</u>	<u>11,393,383</u>
<b>Cash and investments, June 30, 2024</b>	<u><u>\$ 35,846</u></u>	<u><u>\$ 11,324,360</u></u>
Reconciliation of net operating income (loss) to net cash used in operating activities:		
Net operating income (loss)	<u>\$ 18,166</u>	<u>\$ (728,996)</u>
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
(Increase) decrease in:		
Receivables	(910)	(15,333)
Due from other funds	(8,301)	(139,634)
(Decrease) increase in:		
Unpaid claims and claim adjustment expenses	-	58,674
Accounts payable	(877)	190,456
Due to other funds	<u>(10,499)</u>	<u>(2,317)</u>
Total adjustments	<u>(20,587)</u>	<u>91,846</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (2,421)</u></u>	<u><u>\$ (637,150)</u></u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST FUND  
June 30, 2024

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	Scholarship <u>Trust</u>
<b>ASSETS</b>	
Cash and investments:	
Cash on hand and in banks (Note 2)	\$ <u>435,519</u>
<b>NET POSITION</b>	
Restricted for scholarships	\$ <u><u>435,519</u></u>

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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, 2024

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	Scholarship Trust
Additions:	
Other local sources	\$ <u>66,370</u>
Deduction:	
Contract services and operating expenditures	<u>62,451</u>
Change in net position	3,919
Net position, July 1, 2023	<u>431,600</u>
Net position, June 30, 2024	<u>\$ 435,519</u>

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See accompanying notes to the financial statements.

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

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

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

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

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

A - Manifestations of Oversight

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

B - Accounting for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation and the Authority must have the consent of the District.
2. Any deficits incurred by the Corporation and the Authority will be reflected in the lease payments of the District. Any surpluses of the Corporation and the Authority revert to the District at the end of the lease period.
3. It is anticipated that the District's lease payments will be the sole revenue source of the Corporation and the Authority.
4. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation and the Authority.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**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, 2024.

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.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**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 other funds, 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.

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 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.

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.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was required as of June 30, 2024.

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

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

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

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred gain on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred inflow of resources related to the net pension liability and net OPEB liability.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**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. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 112,653,465	\$ 58,170,939	\$ 170,824,404
Deferred inflows of resources	\$ 42,173,000	\$ 5,924,000	\$ 48,097,000
Net pension liability	\$ 288,638,000	\$ 160,486,000	\$ 449,124,000
Pension expense	\$ 61,432,352	\$ 20,222,057	\$ 81,654,409

Compensated Absences: Compensated absences totaling \$8,191,646 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

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

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

Net Position: Net position is displayed in three components:

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

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

A - Nonspendable Fund Balance: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, store's inventory and prepaid expenditures.

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

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2024, no such designation has occurred.

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

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

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements if they have been adopted by the Board of Education. At June 30, 2024, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

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

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

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

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments at June 30, 2024 are reported at fair value and consisted of the following:

	Governmental Activities			Business-Type <u>Activities</u>	Fiduciary <u>Activities</u>
	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>		
<b>Pooled Funds:</b>					
Cash in County Treasury	\$ 624,528,686	\$ 11,074,350	\$ 635,603,036	\$ 35,933	\$ -
<b>Deposits:</b>					
Cash on hand and in banks	1,997,525	10	1,997,535	(87)	435,519
Cash in revolving fund	152,000	-	152,000	-	-
Collections awaiting deposit	14,650	-	14,650	-	-
Total deposits	2,164,175	10	2,164,185	(87)	435,519
<b>Investments:</b>					
Cash with fiscal agent	338,227,568	250,000	338,477,568	-	-
Total cash and investments	\$ 964,920,429	\$ 11,324,360	\$ 976,244,789	\$ 35,846	\$ 435,519

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2024, the carrying amount of the District's accounts was \$2,599,617 and the bank balances were \$3,270,922. \$1,014,397 of the bank balances were FDIC insured and \$2,256,525 remained uninsured.

(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

Cash with Fiscal Agent: Cash with Fiscal Agent in the Governmental Funds represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Cash with Fiscal Agent held in the Proprietary Fund represents funds held as required by the District's third-party administrator, 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, 2024, 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, 2024, 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, 2024 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 7,363,775	\$ 9,032,709
Building Fund	1,490,955	-
Non-Major Funds:		
Charter Schools	4,239,941	4,086,220
Adult Education	1,085,010	3,538,174
Child Development	2,331,058	157,657
Cafeteria	466,245	1,295,190
Developer Fees	-	92,925
Proprietary Funds:		
Cafeteria Enterprise	8,850	30
Self-Insurance	1,217,380	309
	<u>1,217,380</u>	<u>309</u>
Totals	<u>\$ 18,203,214</u>	<u>\$ 18,203,214</u>

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

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

Transfers for the 2023-2024 fiscal year were as follows:

Transfer from the Charter Schools Fund to the General Fund for Charter fees.	\$ 2,330,603
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	34,488
Transfer from the General Fund to the Adult Education Fund for the annual contribution.	1,085,010
Transfer from the Adult Education Fund to the General Fund for indirect costs.	79,050
Transfer from the Child Development Fund to the General Fund for indirect costs.	485,656
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	784,964
Transfer from the County School Facilities Fund to the Building Fund for the allocation of State reimbursements.	<u>2,043,465</u>
	<u>\$ 6,843,236</u>

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 4 – CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2024 is shown below:

	Balance July 1, <u>2023</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2024</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 21,197,040	\$ -	\$ -	\$ 21,197,040
Work-in-process	54,567,927	77,518,986	33,036,146	99,050,767
Depreciable:				
Buildings	1,039,257,442	29,179,745	-	1,068,437,187
Site improvements	214,908,248	39,338,513	-	254,246,761
Equipment	<u>64,017,767</u>	<u>3,705,239</u>	<u>92,030</u>	<u>67,630,976</u>
Totals, at cost	<u>1,393,948,424</u>	<u>149,742,483</u>	<u>33,128,176</u>	<u>1,510,562,731</u>
Less accumulated depreciation:				
Buildings	(543,174,531)	(31,764,372)	-	(574,938,903)
Site improvements	(131,563,159)	(11,177,886)	-	(142,741,045)
Equipment	<u>(54,609,236)</u>	<u>(2,883,818)</u>	<u>(9,700)</u>	<u>(57,483,354)</u>
Total accumulated depreciation	<u>(729,346,926)</u>	<u>(45,826,076)</u>	<u>(9,700)</u>	<u>(775,163,302)</u>
Capital assets, net	<u>\$ 664,601,498</u>	<u>\$ 103,916,407</u>	<u>\$ 33,118,476</u>	<u>\$ 735,399,429</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 40,042,144
Food services	2,232,170
All other pupil services	1,267,925
Community services	80,864
All other general administration	1,726,016
Plant services	<u>476,957</u>
Total depreciation expense	<u>\$ 45,826,076</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**NOTE 5 – SELF-INSURANCE**

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

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

District management recomputes the liability annually using available updated claims data. Annually, the District obtains an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The liability for workers compensation is based on an actuarial study dated June 30, 2024 and June 30, 2023 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

	June 30, <u>2023</u>	June 30, <u>2024</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 330,273	\$ 300,701
Total incurred claims and claim adjustment expenses	13,545,833	15,322,290
Total payments	<u>(13,575,405)</u>	<u>(15,263,616)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 300,701</u>	<u>\$ 359,375</u>

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 6 – LONG-TERM LIABILITIES**

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2024 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2023</u>	<u>Current Year Issuance</u>	<u>Current Year Refunded &amp; Matured</u>	<u>Balance June 30, 2024</u>
2002 Election Series 2007 (CAB)	4.6 - 4.8%	2032	\$ 23,570,892	\$ -	\$ 2,460,453	\$ 21,110,439
2012 Election, 2013 Series A	2.0 - 5.0%	2038	10,420,000	-	10,420,000	-
2012 Election, 2013 Series B	5.7%	2038	40,000,000	-	-	40,000,000
2014 Refunding Bonds	2.0 - 5.0%	2027	20,750,000	-	4,510,000	16,240,000
2015 Refunding Bonds	2.0 - 5.0%	2030	16,615,000	-	10,180,000	6,435,000
2012 Election, 2015 Series C-1	2.0 - 5.0%	2041	59,010,000	-	10,040,000	48,970,000
2012 Election, 2016 Series D	2.0 - 4.0%	2041	11,260,000	-	1,020,000	10,240,000
2012 Election, 2017 Series E	3.0 - 5.0%	2047	87,795,000	-	14,820,000	72,975,000
2012 Election, 2017 Series C	3.0 - 5.0%	2047	9,220,000	-	845,000	8,375,000
2012 Election, 2018 Series F	2.46%	2025	1,150,000	-	500,000	650,000
2012 Election, 2019 Series D	2.375 - 5.0%	2049	22,320,000	-	1,910,000	20,410,000
2012 Election, 2021 Series G	0.32% - 4.00%	2050	65,905,000	-	-	65,905,000
2021 Refunding Bonds	4.00%	2030	23,170,000	-	5,390,000	17,780,000
2020 Election, 2022 Series A	4.0 - 5.0%	2053	225,000,000	-	55,790,000	169,210,000
2022 Refunding Bonds	5.00%	2031	52,255,000	-	3,840,000	48,415,000
2024 Refunding, Series A	5.00%	2037	-	9,020,000	-	9,020,000
2024 Refunding, Series B	4.0 - 5.25%	2049	-	66,805,000	-	66,805,000
2020 Election, 2024 Series B	4.0 - 8.0%	2055	-	262,500,000	-	262,500,000
			<u>\$ 668,440,892</u>	<u>\$ 338,325,000</u>	<u>\$ 121,725,453</u>	<u>\$ 885,040,439</u>

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 37,866,992	\$ 40,694,787	\$ 78,561,779
2026	35,585,759	45,464,955	81,050,714
2027	34,262,433	43,310,029	77,572,462
2028	20,452,362	42,524,730	62,977,092
2029	27,271,322	41,687,026	68,958,348
2030-2034	87,726,571	185,811,270	273,537,841
2035-2039	127,825,000	143,235,042	271,060,042
2040-2044	125,040,000	108,502,756	233,542,756
2045-2049	177,020,000	71,984,950	249,004,950
2050-2054	189,960,000	24,921,950	214,881,950
2055	22,030,000	440,600	22,470,600
	<u>\$ 885,040,439</u>	<u>\$ 748,578,095</u>	<u>\$ 1,633,618,534</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

On November 14, 2007, the District issued Election of 2002, Series 2007 General Obligation Bonds totaling \$64,997,966. The Series 2007 Bonds were issued as Capital Appreciation Bonds (CABs), and the proceeds are to be used for construction related projects.

On July 16, 2013, the District issued Election of 2012, 2013 Series A and Series B General Obligation Bonds totaling \$70,000,000. Bond proceeds are to be used for construction related projects. During the year ended June 30, 2024, the District refunded all remaining maturities of the Election of 2012, 2013 Series A Bonds, and at June 30, 2024 all outstanding maturities were fully repaid.

On January 30, 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.

On January 28, 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.

On June 5, 2015, the District issued Election of 2012, 2015 Series C-1 General Obligation Bonds totaling \$66,260,000. Bond proceeds are to be used for construction related projects.

On June 8, 2016, the District issued Election of 2012, 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 Election of 2012, 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 25, 2018, the District issued Election of 2012, 2018 Series F General Obligation Bonds totaling \$10,000,000. Bond proceeds are to be used for construction related projects.

On December 12, 2019, the District issued Election of 2012, 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 Election of 2012, 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.

On July 21, 2022, the District issued Election of 2020, 2022 Series A General Obligation Bonds totaling \$225,000,000. Bond proceeds are to be used for construction related projects.

On July 21, 2022, the District issued 2022 General Obligation Refunding Bonds totaling \$55,845,000. Bond proceeds were used to refund the remaining portion of the District's 2012 GO Refunding Bonds. As of June 30, 2023, the refunded maturities have been fully repaid.

On February 22, 2024, the District issued 2024 General Obligation Refunding Bonds, Series A totaling \$9,020,000. Bond proceeds were used to refund all remaining maturities of the District's 2013 Series A General Obligation Bonds. As of June 30, 2024, the refunded maturities have been fully repaid.

The current refunding resulted in the recognition of an accounting gain of \$108 for the year ended June 30, 2024. In addition, the District in effect reduced its aggregate debt service payments by \$2,051,260 over the next 13 years and obtained an economic gain of \$1,320,330.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

Calculations of the difference in cash flow requirements and economic gain, are as follows:

Calculation of Cash Flow Savings:

Old debt service cash flows	\$ 14,259,952
Less: New debt service cash flows	12,208,692
Total cash flow savings	\$ 2,051,260

Calculation of Economic Gain:

PV of old debt service cash flows	\$ 11,286,169
PV of new debt service cash flows	9,965,839
Total economic gain	\$ 1,320,330

Also on February 22, 2024, the District issued 2024 General Obligation Refunding Bonds, Series B totaling \$66,805,000. Bond proceeds were used to refund certain outstanding maturities of the District's General Obligation Bonds, as follows: 2015 Refunding, 2015 Series C-1, 2016 Series D, 2017 Series C, 2017 Series E, 2019 Series D, and 2022 Series A. As of June 30, 2024, the refunded maturities have been fully repaid.

The current refunding resulted in the recognition of an accounting gain of \$10,674,651 for the year ended June 30, 2024. In addition, the District in effect reduced its aggregate debt service payments by \$8,301,816 over the next 25 years and obtained an economic gain of \$4,452,122.

Calculations of the difference in cash flow requirements and economic gain, are as follows:

Calculation of Cash Flow Savings:

Old debt service cash flows	\$ 119,001,528
Less: New debt service cash flows	110,699,712
Total cash flow savings	\$ 8,301,816

Calculation of Economic Gain:

PV of old debt service cash flows	\$ 81,811,980
PV of new debt service cash flows	77,359,858
Total economic gain	\$ 4,452,122

On June 27, 2024, the District issued Election of 2020, 2024 Series B General Obligation Bonds totaling \$262,500,000. Bond proceeds are to be used for construction related projects.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

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

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,025,000	\$ 1,074,250	\$ 4,099,250
2026	235,000	923,000	1,158,000
2027	-	911,250	911,250
2028	-	911,250	911,250
2029	-	911,250	911,250
2030-2034	2,240,000	4,556,250	6,796,250
2035-2039	12,985,000	2,760,750	15,745,750
2040	<u>3,000,000</u>	<u>150,000</u>	<u>3,150,000</u>
	<u>\$ 21,485,000</u>	<u>\$ 12,198,000</u>	<u>\$ 33,683,000</u>

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

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 240,000	\$ 1,123,114	\$ 1,363,114
2026	3,215,000	1,113,298	4,328,298
2027	3,635,000	981,805	4,616,805
2028	3,785,000	833,133	4,618,133
2029	3,935,000	678,327	4,613,327
2030-2033	<u>12,650,000</u>	<u>1,131,704</u>	<u>13,781,704</u>
	<u>\$ 27,460,000</u>	<u>\$ 5,861,381</u>	<u>\$ 33,321,381</u>

(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2024 is shown below:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Amounts Due Within One Year
<i>Debt:</i>					
General Obligation Bonds	\$ 668,440,892	\$ 338,325,000	\$ 121,725,453	\$ 885,040,439	\$ 37,866,992
Accreted interest	25,044,351	2,307,112	2,764,548	24,586,915	2,420,126
Lease Revenue Bonds	52,060,000	-	3,115,000	48,945,000	3,265,000
Debt issuance premiums	55,385,747	15,485,749	15,810,833	55,060,663	4,028,516
<i>Other Long-Term Liabilities:</i>					
Net Pension Liability (Notes 8 & 9)	393,568,000	55,556,000	-	449,124,000	-
Net OPEB liability (Note 10)	267,466,012	-	3,681,604	263,784,408	-
Compensated absences	5,974,989	2,216,657	-	8,191,646	8,191,646
	<u>\$ 1,467,939,991</u>	<u>\$ 413,890,518</u>	<u>\$ 147,097,438</u>	<u>\$ 1,734,733,071</u>	<u>\$ 55,772,280</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Principal and interest payments on the Lease Revenue Bonds are made from the Developer Fees Fund and Community Facilities Fund. Payments on the net pension liability, net OPEB liability, and compensated absences are made from the fund for which the related employee worked.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

**NOTE 7 – FUND BALANCES**

Fund balances, by category, at June 30, 2024 consisted of the following:

	General Fund	Building Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	\$ 150,000	\$ -	\$ 2,000	\$ 152,000
Stores inventory	103,810	-	1,826,988	1,930,798
	<u>253,810</u>	<u>-</u>	<u>1,828,988</u>	<u>2,082,798</u>
Subtotal nonspendable				
Restricted:				
Legally restricted programs:				
Grants	126,825,752	-	-	126,825,752
Student body activities	-	-	1,662,462	1,662,462
Adult education operations	-	-	167,168	167,168
Child development	-	-	3,561,647	3,561,647
Cafeteria operations	-	-	14,988,069	14,988,069
Charter schools	-	-	15,685,391	15,685,391
Capital projects	-	457,848,204	33,566,810	491,415,014
Debt service	-	-	65,299,262	65,299,262
	<u>126,825,752</u>	<u>457,848,204</u>	<u>134,930,809</u>	<u>719,604,765</u>
Subtotal restricted				
Assigned:				
Supplemental and Concentration Carryover Funds	90,000,000	-	-	90,000,000
	<u>90,000,000</u>	<u>-</u>	<u>-</u>	<u>90,000,000</u>
Unassigned:				
Designated for economic uncertainty	16,290,249	-	-	16,290,249
Unassigned	65,461,324	-	-	65,461,324
	<u>81,751,573</u>	<u>-</u>	<u>-</u>	<u>81,751,573</u>
Subtotal unassigned				
Total fund balances	<u>\$ 298,831,135</u>	<u>\$ 457,848,204</u>	<u>\$ 136,759,797</u>	<u>\$ 893,439,136</u>

(Continued)

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

*General Information about the State Teachers' Retirement Plan*

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

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

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

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

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

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for any 36 consecutive months of credited service.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2024

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

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by 2046. Under the CalSTRS Funding Plan, authority to adjust contribution rates annually within approved ranges was delegated to the Board of CalSTRS.

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

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2022-23.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2022, valuation adopted by the CalSTRS board in May 2023, 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, 2023.

*Employers* - Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046.

The CalSTRS Funding Plan authorizes the CalSTRS board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2023, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023-24 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2023-24 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2023	8.250%	10.850%	19.100%
July 1, 2024 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

The District contributed \$56,967,465 to the plan for the fiscal year ended June 30, 2024.

*State* – The state is required to contribute 10.828 percent of the members' creditable compensation from the two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2023, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022–23 for a total contribution rate of 10.828%.

The CalSTRS state contribution rates effective for fiscal year 2023-24 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<sup>(1)</sup></u>	<u>Total</u>
July 01, 2023	2.017%	6.311%	2.50%	10.828%
July 01, 2024 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 CalSTRS 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%.
- (3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 288,638,000
State's proportionate share of the net pension liability associated with the District	<u>138,296,000</u>
	<u>\$ 426,934,000</u>

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2024, the District's proportion was 0.379 percent, which was an increase of 0.032 percent from its proportion at June 30, 2023.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

For the year ended June 30, 2024, the District recognized pension expense of \$61,432,352 and revenue of \$20,762,475 for support provided by the State. At June 30, 2024, 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	\$ 22,682,000	\$ 15,444,000
Changes of assumptions	1,671,000	-
Net differences between projected and actual earnings on investments	1,235,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	30,098,000	26,729,000
Contributions made subsequent to measurement date	<u>56,967,465</u>	<u>-</u>
Total	<u>\$ 112,653,465</u>	<u>\$ 42,173,000</u>

\$56,967,465 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, 2025. 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>	
2025	\$ (9,091,267)
2026	\$ (15,612,267)
2027	\$ 21,757,234
2028	\$ 1,846,900
2029	\$ 7,427,900
2030	\$ 7,184,500

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2023 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, 2024

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

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

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2024

**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	38%	5.25%
Real Estate	15	4.05
Private Equity	14	6.75
Fixed Income	14	2.45
Risk Mitigating Strategies	10	2.25
Inflation Sensitive	7	3.65
Cash / Liquidity	2	0.05

\* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

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

	1% Decrease <u>(6.10%)</u>	Current Discount Rate <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 484,168,000</u>	<u>\$ 288,638,000</u>	<u>\$ 126,228,000</u>

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

(Continued)



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

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

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified 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: <https://www.calpers.ca.gov/docs/forms-publications/acfr-2023.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, 2024 were as follows:

*Members* - The regular and Public Employees’ Pension Reform Act (PEPRA) member contribution rates were 7.0 percent and 8.0 percent of applicable member earnings for fiscal year 2023-2024, respectively.

*Employers* - The employer contribution rate was 26.68 percent of applicable member earnings.

The District contributed \$27,698,939 to the plan for the fiscal year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$160,486,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2024, the District’s proportion was 0.443 percent, which was unchanged from its proportion at June 30, 2023.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

For the year ended June 30, 2024, the District recognized pension expense of \$20,222,057. At June 30, 2024, 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	\$ 5,857,000	\$ 2,465,000
Changes of assumptions	7,394,000	-
Net differences between projected and actual earnings on investments	17,142,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	79,000	3,459,000
Contributions made subsequent to measurement date	<u>27,698,939</u>	<u>-</u>
Total	<u>\$ 58,170,939</u>	<u>\$ 5,924,000</u>

\$27,698,939 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, 2025. 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>	
2025	\$ 5,381,833
2026	\$ 5,137,833
2027	\$ 13,494,834
2028	\$ 533,500

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 expected average remaining service life of plan members, which was 3.8 years as of the June 30, 2023 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.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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**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 the actuarial valuation as of June 30, 2022 and rolling forward the total pension liability June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10</u> <sup>(1, 2)</sup>
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

- (1) An expected inflation rate of 2.30% used for this period
- (2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2024

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

Discount Rate: The discount rate used to measure the total pension liability was 6.90 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS’ website.

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	<u>\$ 232,022,000</u>	<u>\$ 160,486,000</u>	<u>\$ 101,364,000</u>

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2024

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

*General Information about the Other Postemployment Benefits Plan (OPEB)*

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

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

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

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

The District’s Board of Education has the authority to establish or amend the benefit terms offered by REHP, and also retains the authority to establish requirements for paying REHP benefits as they come due.

Employees Covered by Benefit Terms: The following is a table of plan participants as of the June 30, 2024 valuation:

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	3,199
Active employees	<u>3,903</u>
	<u><u>7,102</u></u>

Contributions: California Government Code specifies that the District’s contribution requirements for covered employees are established and may be amended by the District’s Board of Education. Contributions to the Plan are voluntary. Contributions to the Plan from the District were \$22,463,046, for the year ended June 30, 2024.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

OPEB Plan Investments: The plan discount rate of 6.10% was determined using the following asset allocation and assumed rate of return blended with the 20-year high grade municipal bond rate as of June 30, 2022:

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Year 1 - 5</u>	<u>Expected Real Rate of Return Years 6+</u>
Global Equity	49%	4.40%	4.50%
Fixed Income	23	(1.00)	2.20
Real Estate Investment Trusts	20	3.00	3.90
Treasury Inflation-Protected Securities	5	(1.80)	1.30
Commodities	3	0.80	1.20
*Geometric average			

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

Money-weighted rate of return on OPEB plan investments 6.15%

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

*Net OPEB Liability*

The District's net OPEB liability was measured as of June 30, 2023, based on an actuarial valuation as of June 30, 2022.

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial Method	Entry age normal, level percent of pay
Inflation Rate	2.50%
Long Term Return on Assets	6.15% as of June 30, 2022, net of plan investment expenses and including inflation
Discount rate	6.10% as of June 30, 2023, determined as a blend of asset returns and the 20-year high grade municipal bond rate at measurement.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

Salary increases	3.0% per year,
Health care cost trend rate	15% for Kaiser Certificated plans, 9% for Kaiser Classified and Management plans, 6.8% for all others.
Mortality	2020 CalSTRS for certificated employees, and 2021 CalPERS for classified employees
Participation Rate	<p>Active Employees: 90% 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</p> <p>25% of active employees who qualify access for to coverage in retirement, but not for District paid premiums are assumed to continue medical coverage in retirement.</p> <p>Retired Participants: Existing medical plan elections are assumed to be continued until age 65</p>

*Changes in the Net OPEB Liability:*

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2023	\$ 392,127,242	\$ 124,661,230	\$ 267,466,012
Changes for the year:			
Service cost	8,617,093	-	8,617,093
Interest	23,822,516	-	23,822,516
Employer contributions	-	28,080,859	(28,080,859)
Investment income	-	8,076,593	(8,076,593)
Administrative expense	-	(36,239)	36,239
Benefit payments	(20,422,538)	(20,422,538)	-
Net change	<u>12,017,071</u>	<u>15,698,675</u>	<u>(3,681,604)</u>
Balance, June 30, 2024	<u>\$ 404,144,313</u>	<u>\$ 140,359,905</u>	<u>\$ 263,784,408</u>

There were no changes between the measurement date and the year ended June 30, 2024, which had a significant effect on the District's total OPEB liability.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.10 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.10 percent) and 1 percent higher (7.10 percent):

	1% Decrease <u>(5.10%)</u>	Current Discount Rate (6.10%)	1% Increase <u>(7.10%)</u>
Net OPEB liability	<u>\$ 319,748,635</u>	<u>\$ 263,784,408</u>	<u>\$ 217,632,477</u>

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

	1% <u>Decrease</u>	Healthcare Cost Trend Rates <u>Rate*</u>	1% <u>Increase</u>
Net OPEB liability	<u>\$ 212,646,559</u>	<u>\$ 263,784,408</u>	<u>\$ 327,520,636</u>

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$54,928,451. At June 30, 2024, 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	\$ 20,460,126	\$ 90,679,665
Changes of assumptions	791,649	116,943,382
Net differences between projected and actual earnings on investments	9,241,305	-
Benefits paid subsequent to measurement date	<u>22,463,046</u>	<u>-</u>
Total	<u>\$ 52,956,126</u>	<u>\$ 207,623,047</u>

(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

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

\$22,463,046 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, 2025. 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>	
2025	\$ (71,016,011)
2026	\$ (44,252,152)
2027	\$ (40,576,718)
2028	\$ (13,739,337)
2029	\$ (7,545,749)

Differences between projected and actual earnings on investment are amortized over a closed period of 5 years as of the June 30, 2023 measurement date. Changes in assumptions and differences between expected and actual experience are amortized over a closed period of 6.75 years.

**NOTE 11 – JOINT POWERS AGREEMENTS**

Schools Insurance Authority: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The joint powers agency is to be self-sustaining through member premiums. SIA enters into insurance agreements for coverage above self-insured retention layers, whereby it cedes various amounts of risk to other insurance companies or joint power authorities. SIA's Property, Liability and Workers' Compensation Programs provide self-insured retention of \$100,000, \$750,000 and \$1,000,000 per incident, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information for SIA at June 30, 2023 (most recent information available):

Total assets	\$ 223,071,864
Deferred outflows	\$ 4,747,151
Total liabilities	\$ 106,527,925
Deferred inflows	\$ 1,649,206
Total net position	\$ 119,641,884
Total revenues	\$ 78,661,963
Total expenses	\$ 82,253,824
Change in net position	\$ (3,591,861)

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

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(Continued)

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

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

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

At June 30, 2024, the District had approximately \$15.4 million in outstanding construction contract commitments.

**NOTE 13 – MANAGEMENT'S PLANS**

Since September 2018, following the disapproval of the District's adopted General Fund budget for the 2018-19 fiscal year by the Sacramento County Office of Education (SCOE), the Board of Education, Superintendent, management, staff, and labor partners have engaged in collaborative efforts. The focus has been on identifying constructive solutions to address the structural deficit evident in both current and future fiscal years' financial projections. This ongoing collaboration underscores a steadfast commitment to fostering a positive and proactive approach towards financial sustainability and effective governance, with a dedication to continuing the collaborative culture in pursuit of shared goals.

Due to Education Code provisions, the District's financial standing prompted a sequence of measures, including the implementation of a Fiscal Health Risk Analysis conducted by the Fiscal Crisis and Management Assistance Team (FCMAT) and an audit conducted by the California State Auditor. Moreover, the Sacramento County Office of Education (SCOE) appointed a fiscal advisor to collaborate with the District, undertaking a thorough review of the budget for accuracy and providing assistance to District staff. This comprehensive approach reflects an ongoing commitment to the process, ensuring a thorough evaluation and continued support to address any financial challenges effectively. The fiscal advisor actively supports District processes, emphasizing efficiency and adherence to district policies to further enhance financial management practices.

In December 2018, FCMAT issued the results of its analysis that concluded, unless changes are made, the District is at risk of insolvency, which leads to a state loan and an appointed administrator. The analysis focused on identifying district systems and processes where improvements can be made. Immediately, the District began taking steps to implement business process changes and adopt FCMAT's recommendations. Additionally, in December of 2019, the State Auditor issued its independent performance audit report on the fiscal condition of the District. The report includes several recommendations to assist the District in moving towards fiscal solvency.

Uncertainty surrounds ongoing State funding for K-12 Districts, with potential future impacts stemming from a recessionary economy, including possible adjustments to funding rates, enrollment, declining average daily attendance, and the expiration of one-time funding sources. However, the District anticipates improved fiscal stability due to increased ongoing State funding and funding mechanisms implemented by the State to mitigate the decline in ADA. According to the 2023-24 Third Interim Financial Report and multi-year projections, report the District expects a positive cash balance through June 2026. The District will continue to be closely monitored to ensure it maintains sufficient cash reserves to meet its current and future obligations.

**REQUIRED SUPPLEMENTARY INFORMATION**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2024

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
LCFF:				
State apportionment	\$ 386,672,084	\$ 317,236,071	\$ 428,221,643	\$ 110,985,572
Local sources	116,152,896	127,807,262	128,254,417	447,155
Total LCFF	<u>502,824,980</u>	<u>445,043,333</u>	<u>556,476,060</u>	<u>111,432,727</u>
Federal sources	99,571,861	158,497,852	134,250,238	(24,247,614)
Other state sources	111,824,544	142,265,466	131,091,542	(11,173,924)
Other local sources	6,184,125	13,888,329	32,347,403	18,459,074
Total revenues	<u>720,405,510</u>	<u>759,694,980</u>	<u>854,165,243</u>	<u>94,470,263</u>
Expenditures:				
Current:				
Certificated salaries	249,366,493	255,924,218	313,649,873	(57,725,655)
Classified salaries	77,035,457	90,985,591	89,944,545	1,041,046
Employee benefits	220,787,232	227,484,023	219,988,752	7,495,271
Books and supplies	38,736,989	60,408,114	27,575,132	32,832,982
Contract services and operating expenditures	111,859,298	155,148,399	139,146,057	16,002,342
Other outgo	242,830	105,025	1,320,714	(1,215,689)
Capital outlay	946,177	26,253,269	24,271,521	1,981,748
Total expenditures	<u>698,974,476</u>	<u>816,308,639</u>	<u>815,896,594</u>	<u>412,045</u>
Excess of revenues over expenditures	<u>21,431,034</u>	<u>(56,613,659)</u>	<u>38,268,649</u>	<u>94,882,308</u>
Other financing sources (uses):				
Transfers in	2,475,399	2,475,399	3,714,761	1,239,362
Transfers out	-	(107,138)	(1,085,010)	(977,872)
Total other financing sources (uses)	<u>2,475,399</u>	<u>2,368,261</u>	<u>2,629,751</u>	<u>261,490</u>
Change in fund balance	23,906,433	(54,245,398)	40,898,400	95,143,798
Fund balance, July 1, 2023	<u>257,932,735</u>	<u>257,932,735</u>	<u>257,932,735</u>	<u>-</u>
Fund balance, June 30, 2024	<u>\$ 281,839,168</u>	<u>\$ 203,687,337</u>	<u>\$ 298,831,135</u>	<u>\$ 95,143,798</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, 2024

	Last 10 Fiscal Years						
	2018	2019	2020	2021	2022	2023	2024
<b>TOTAL OPEB LIABILITY</b>							
Service cost	\$ 33,273,763	\$ 28,429,909	\$ 20,002,277	\$ 22,361,924	\$ 8,647,600	\$ 9,390,965	\$ 8,617,093
Interest on total OPEB liability	24,982,078	28,454,100	25,888,179	26,023,049	28,912,863	30,032,848	23,822,516
Differences between expected and actual experience	-	(135,537,910)	-	(98,105,689)	-	(73,787,272)	-
Changes of assumptions	(89,783,252)	(83,559,205)	29,041,398	(170,763,789)	10,859,088	4,093,581	-
Benefit payments	(20,462,037)	(19,351,654)	(19,644,632)	(18,690,251)	(21,345,655)	(19,742,892)	(20,422,538)
Net change in total OPEB liability	(51,989,448)	(181,564,760)	55,287,222	(239,174,756)	27,073,896	(50,012,770)	12,017,071
Total OPEB liability - beginning of year (a)	832,507,858	780,518,410	598,953,650	654,240,872	415,066,116	442,140,012	392,127,242
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>	<u>\$ 392,127,242</u>	<u>\$ 404,144,313</u>
<b>PLAN FIDUCIARY NET POSITION</b>							
Contributions - employer	\$ 48,000,844	\$ 33,078,830	\$ 28,640,257	\$ 26,713,074	\$ 31,199,420	\$ 28,457,590	\$ 28,080,859
Net investment income	3,951,473	4,395,048	4,575,947	3,013,601	26,761,724	(17,926,043)	8,076,593
Administrative expenses	(19,446)	(29,756)	(15,667)	(42,420)	(36,839)	(33,922)	(36,239)
Other expenses	-	(72,482)	-	-	-	-	-
Benefit payments	(20,462,037)	(19,351,654)	(19,644,632)	(18,690,251)	(21,345,655)	(19,742,892)	(20,422,538)
Change in plan fiduciary net position	31,470,834	18,019,986	13,555,905	10,994,004	36,578,650	(9,245,267)	15,698,675
Fiduciary trust net position - beginning of year (c)	23,287,118	54,757,952	72,777,938	86,333,843	97,327,847	133,906,497	124,661,230
Fiduciary trust net position - end of year (d)	<u>\$ 54,757,952</u>	<u>\$ 72,777,938</u>	<u>\$ 86,333,843</u>	<u>\$ 97,327,847</u>	<u>\$ 133,906,497</u>	<u>\$ 124,661,230</u>	<u>\$ 140,359,905</u>
Net OPEB liability - beginning (a) - (c)	<u>\$ 809,220,740</u>	<u>\$ 725,760,458</u>	<u>\$ 526,175,712</u>	<u>\$ 567,907,029</u>	<u>\$ 317,738,269</u>	<u>\$ 308,233,515</u>	<u>\$ 267,466,012</u>
Net OPEB liability - ending (b) - (d)	<u>\$ 725,760,458</u>	<u>\$ 526,175,712</u>	<u>\$ 567,907,029</u>	<u>\$ 317,738,269</u>	<u>\$ 308,233,515</u>	<u>\$ 267,466,012</u>	<u>\$ 263,784,408</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7%	12%	13%	23%	30%	32%	35%
Covered employee payroll	\$ 263,777,849	\$ 284,495,904	\$ 271,833,894	\$ 279,376,002	\$ 302,034,133	\$ 343,087,661	\$ 326,710,014
Net OPEB liability as a percentage of covered employee payroll	275%	185%	209%	114%	102%	78%	81%

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB  
For the Year Ended June 30, 2024

	Other Postemployment Benefits Last 10 Fiscal Years						
	<u>2018</u>	<u>2019</u>	<u>2020*</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 41,766,451	\$ 29,997,546	\$ 30,861,105	\$ 31,958,000	\$ 28,427,786	\$ 29,218,878	\$ 24,494,972
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>	<u>(28,080,859)</u>	<u>(22,463,046)</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>	<u>\$ 1,138,019</u>	<u>\$ 2,031,926</u>
Covered employee payroll	\$ 284,495,904	\$ 271,833,894	\$ 279,376,002	\$ 302,034,133	\$ 343,087,662	\$ 326,710,014	\$ 406,289,446
Contributions as a percentage of covered employee payroll	11.63%	10.54%	9.56%	10.33%	8.29%	8.60%	5.53%

\*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, 2024

	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>	<u>2023</u>	<u>2024</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%	0.347%	0.379%
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	\$241,143,000	\$288,638,000
State's proportionate share of the net pension liability associated with the District	<u>134,692,000</u>	<u>133,455,000</u>	<u>170,676,000</u>	<u>203,739,000</u>	<u>202,583,000</u>	<u>194,951,000</u>	<u>199,236,000</u>	<u>91,235,000</u>	<u>136,300,000</u>	<u>138,296,000</u>
Total net pension liability	<u>\$367,748,000</u>	<u>\$385,786,000</u>	<u>\$470,456,000</u>	<u>\$548,129,000</u>	<u>\$556,410,000</u>	<u>\$552,285,000</u>	<u>\$563,807,000</u>	<u>\$244,577,000</u>	<u>\$377,443,000</u>	<u>\$426,934,000</u>
District's covered payroll	\$170,012,000	\$173,962,000	\$184,718,000	\$197,366,000	\$202,167,000	\$220,584,000	\$212,770,000	\$213,026,000	\$238,060,000	\$222,743,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.08%	145.05%	162.29%	174.49%	175.02%	161.99%	171.35%	71.98%	101.30%	129.58%
Plan fiduciary net position as a percentage of of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2024

	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>	<u>2023</u>	<u>2024</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%	0.443%	0.443%
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	\$ 152,425,000	\$ 160,486,000
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	\$ 70,550,000	\$ 77,387,000
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%	216.05%	207.38%
Plan fiduciary net position as a percentage of of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%

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

See accompanying note to required supplementary information.



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2024

	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>	<u>2023</u>	<u>2024</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	\$ 42,543,877	\$ 56,967,465
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>	<u>(42,543,877)</u>	<u>(56,967,465)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 173,962,000	\$ 184,718,000	\$ 197,366,000	\$ 202,167,000	\$ 220,584,000	\$ 212,770,000	\$ 213,026,000	\$ 238,060,000	\$ 222,743,000	\$ 298,259,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%	19.10%

\* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

\*\* This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

\*\*\* This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2024

	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>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$ 6,954,207	\$ 7,577,683	\$ 9,180,596	\$ 11,256,216	\$ 13,259,325	\$ 13,529,537	\$ 13,762,087	\$ 16,163,003	\$ 19,633,057	\$ 27,698,939
Contributions in relation to the contractually required contribution	<u>(6,954,207)</u>	<u>(7,577,683)</u>	<u>(9,180,596)</u>	<u>(11,256,216)</u>	<u>(13,259,325)</u>	<u>(13,529,537)</u>	<u>(13,762,087)</u>	<u>(16,163,003)</u>	<u>(19,633,057)</u>	<u>(27,698,939)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 59,079,000	\$ 63,963,000	\$ 66,095,000	\$ 72,476,000	\$ 73,410,000	\$ 68,605,000	\$ 66,484,000	\$ 70,550,000	\$ 77,387,000	\$ 103,819,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	26.68%

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2024

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**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 rates used for the net OPEB liability were 2.92, 3.56, 4.25, 3.90, 7.00, 6.80, 6.10, and 6.10 percent in the measurement periods as of June 30, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023, respectively.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

Assumption	Measurement Period								
	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2024

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

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

<u>Assumption</u>	<u>Measurement Period</u>								
	As of June 30, <u>2023</u>	As of June 30, <u>2022</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%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	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%	3.50%	3.75%	3.75%	3.75%

**SUPPLEMENTARY INFORMATION**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 ALL NON-MAJOR FUNDS  
 June 30, 2024

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	(formerly major) Bond Interest and Redemption Fund	Total
<b>ASSETS</b>										
Cash and investments:										
Cash in County Treasury	\$ -	\$ 16,285,276	\$ 758,954	\$ 1,395,677	\$ 7,539,322	\$ 30,575,738	\$ 3,253	\$ 2,694,256	\$ 68,509,061	\$127,761,537
Cash in banks	1,662,462	-	143,820	25,977	(466,209)	257,544	-	-	-	1,623,594
Cash in revolving account	-	-	-	-	2,000	-	-	-	-	2,000
Collections Awaiting Deposit	-	-	-	-	14,650	-	-	-	-	14,650
Cash with Fiscal Agent	-	-	-	-	-	-	-	-	12,419,485	12,419,485
Receivables	-	1,766,539	2,610,964	2,197,161	10,409,709	114,470	(16)	16,494	1,173,872	18,289,193
Due from other funds	-	4,239,941	1,085,010	2,331,058	466,245	-	-	-	-	8,122,254
Stores inventory	5,934	-	-	-	1,821,054	-	-	-	-	1,826,988
<b>Total assets</b>	<b>\$ 1,668,396</b>	<b>\$ 22,291,756</b>	<b>\$ 4,598,748</b>	<b>\$ 5,949,873</b>	<b>\$ 19,786,771</b>	<b>\$ 30,947,752</b>	<b>\$ 3,237</b>	<b>\$ 2,710,750</b>	<b>\$ 82,102,418</b>	<b>\$170,059,701</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ -	\$ 2,224,315	\$ 453,709	\$ 565,710	\$ 1,515,098	\$ 2,004	\$ -	\$ -	\$ 16,803,156	\$ 21,563,992
Unearned revenue	-	295,830	439,697	1,664,859	165,360	-	-	-	-	2,565,746
Due to other funds	-	4,086,220	3,538,174	157,657	1,295,190	92,925	-	-	-	9,170,166
<b>Total liabilities</b>	<b>-</b>	<b>6,606,365</b>	<b>4,431,580</b>	<b>2,388,226</b>	<b>2,975,648</b>	<b>94,929</b>	<b>-</b>	<b>-</b>	<b>16,803,156</b>	<b>33,299,904</b>
Fund balances:										
Nonspendable	5,934	-	-	-	1,823,054	-	-	-	-	1,828,988
Restricted	1,662,462	15,685,391	167,168	3,561,647	14,988,069	30,852,823	3,237	2,710,750	65,299,262	134,930,809
<b>Total fund balance</b>	<b>1,668,396</b>	<b>15,685,391</b>	<b>167,168</b>	<b>3,561,647</b>	<b>16,811,123</b>	<b>30,852,823</b>	<b>3,237</b>	<b>2,710,750</b>	<b>65,299,262</b>	<b>136,759,797</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,668,396</b>	<b>\$ 22,291,756</b>	<b>\$ 4,598,748</b>	<b>\$ 5,949,873</b>	<b>\$ 19,786,771</b>	<b>\$ 30,947,752</b>	<b>\$ 3,237</b>	<b>\$ 2,710,750</b>	<b>\$ 82,102,418</b>	<b>\$170,059,701</b>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
 ALL NON-MAJOR FUNDS  
 For the Year Ended June 30, 2024

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	(formerly major) Bond Interest and Redemption Fund	Total
Revenues:										
LCFF	\$ -	\$ 19,919,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,919,234
Federal sources	-	447,615	1,046,420	7,076,077	29,585,632	-	-	-	-	38,155,744
Other state sources	-	3,971,547	3,296,149	10,286,159	9,785,680	-	2,043,465	-	402,410	29,785,410
Other local sources	1,649,407	1,093,695	2,370,149	839,445	1,223,183	8,388,946	3,237	2,107,259	64,774,390	82,449,711
Total revenues	1,649,407	25,432,091	6,712,718	18,201,681	40,594,495	8,388,946	2,046,702	2,107,259	65,176,800	170,310,099
Expenditures:										
Current:										
Certificated salaries	-	11,115,825	2,643,008	5,372,556	-	-	-	-	-	19,131,389
Classified salaries	-	1,354,440	1,668,165	3,048,951	13,282,785	-	-	-	-	19,354,341
Employee benefits	-	6,547,545	2,450,208	5,714,877	8,289,776	-	-	-	-	23,002,406
Books and supplies	1,551,044	768,035	159,286	942,680	18,378,147	-	-	-	-	21,799,192
Contract services and operating expenditures	-	3,087,381	1,617,908	284,870	732,310	135,624	-	15,650	-	5,873,743
Capital outlay	-	28,652	73,943	30,303	703,732	42,960	-	-	-	879,590
Debt service:										
Principal retirement	-	-	-	-	-	3,115,000	-	-	43,475,453	46,590,453
Interest	-	-	-	-	-	1,175,647	-	1,175,647	34,182,717	36,534,011
Total expenditures	1,551,044	22,901,878	8,612,518	15,394,237	41,386,750	4,469,231	-	1,191,297	77,658,170	173,165,125
Excess (deficiency) of revenues over (under) expenditures	98,363	2,530,213	(1,899,800)	2,807,444	(792,255)	3,919,715	2,046,702	915,962	(12,481,370)	(2,855,026)
Other financing uses:										
Transfers in	-	-	1,085,010	-	-	-	-	-	-	1,085,010
Transfers out	-	(2,365,091)	(79,050)	(485,656)	(784,964)	-	(2,043,465)	-	-	(5,758,226)
Debt issuance premiums	-	-	-	-	-	-	-	-	6,210,043	6,210,043
Total other financing uses	-	(2,365,091)	1,005,960	(485,656)	(784,964)	-	(2,043,465)	-	6,210,043	1,536,827
Net change in fund balances	98,363	165,122	(893,840)	2,321,788	(1,577,219)	3,919,715	3,237	915,962	(6,271,327)	(1,318,199)
Fund balances, July 1, 2023	1,570,033	15,520,269	1,061,008	1,239,859	18,388,342	26,933,108	-	1,794,788	-	66,507,407
Changes within the District	-	-	-	-	-	-	-	-	71,570,589	71,570,589
Fund balances July 1, 2023, adjusted	1,570,033	15,520,269	1,061,008	1,239,859	18,388,342	26,933,108	-	1,794,788	71,570,589	138,077,996
Fund balances, June 30, 2024	\$ 1,668,396	\$ 15,685,391	\$ 167,168	\$ 3,561,647	\$ 16,811,123	\$ 30,852,823	\$ 3,237	\$ 2,710,750	\$ 65,299,262	\$ 136,759,797

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
June 30, 2024

<u>District</u>	<u>Second Period Report</u>	<u>Audited Second Period Report</u>	<u>Annual Report</u>	<u>Audited Annual Report</u>
Certificate Number:	6E9B12C5	*	FE5A508B	*
Elementary:				
Transitional Kindergarten through Third	10,264	10,264	10,296	10,296
Fourth through Sixth	7,895	7,894	7,882	7,881
Seventh and Eighth	5,482	5,482	5,458	5,458
Special Education	134	134	138	138
Community Day School	13	13	15	15
	<u>23,788</u>	<u>23,787</u>	<u>23,789</u>	<u>23,788</u>
Secondary:				
Ninth through Twelfth	9,809	9,809	9,720	9,720
Special Education	77	77	77	77
Total Secondary	<u>9,886</u>	<u>9,886</u>	<u>9,797</u>	<u>9,797</u>
District ADA Totals	<u>33,674</u>	<u>33,673</u>	<u>33,586</u>	<u>33,585</u>
<u>Charter Schools</u>				
Certificate Number:		BA01275		E778C68B
Bowling Green Elementary - Classroom-Based:				
Transitional Kindergarten through Third		370		369
Fourth through Sixth		290		288
Total Bowling Green Elementary Charter		<u>660</u>		<u>657</u>
Certificate Number:		6E8BBCCE		FF89259B
George Washington Carver School of Arts and Science - Classroom-Based:				
Ninth through Twelfth		155		153
Certificate Number:		A57C60A2		6A262DBF
New Joseph Bonnheim - Classroom-Based:				
Transitional Kindergarten through Third		128		190
Fourth through Sixth		108		108
Total New Joseph Bonnheim Charter		<u>236</u>		<u>298</u>
Certificate Number:		FF6ADAAAB		A5056E0C
New Technology High - Classroom-Based:				
Ninth through Twelfth		138		138
Certificate Number:		7311B0D3		4FC830DB
The Met Sacramento High School - Non-Classroom-Based:				
Ninth through Twelfth		197		194
Total Charter Schools		<u>1,386</u>		<u>1,440</u>

\* Average Daily Attendance (ADA) for the District has been adjusted to reflect the impact of Finding 2024-004

See accompanying notes to supplementary information.



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2024

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2023-24 Actual Minutes Offered</u>	<u>Number of Credited Minutes in Form J-13A<sup>(1)</sup></u>	<u>2023-24 Total Reported Minutes</u>	<u>2023-24 Actual Days Offered</u>	<u>Number of Credited Days in Form J-13A<sup>(1)</sup></u>	<u>2023-24 Total Reported Days</u>	<u>Status</u>
<u>District</u>								
Kindergarten	36,000	36,000	-	36,000	180	-	180	In compliance
Grade 1	50,400	50,492	-	50,492	180	-	180	In compliance
Grade 2	50,400	50,492	-	50,492	180	-	180	In compliance
Grade 3	50,400	50,492	-	50,492	180	-	180	In compliance
Grade 4	54,000	54,008	-	54,008	180	-	180	In compliance
Grade 5	54,000	54,008	-	54,008	180	-	180	In compliance
Grade 6	54,000	54,008	-	54,008	180	-	180	In compliance
Grade 7	54,000	54,204	-	54,204	180	-	180	In compliance
Grade 8	54,000	54,204	-	54,204	180	-	180	In compliance
Grade 9	64,800	64,800	-	64,800	179	1	180	In compliance
Grade 10	64,800	64,800	-	64,800	179	1	180	In compliance
Grade 11	64,800	64,800	-	64,800	179	1	180	In compliance
Grade 12	64,800	64,800	-	64,800	179	1	180	In compliance
<u>Bowling Green Charter School - Classroom Based</u>								
Kindergarten	36,000	43,205	-	43,205	180	-	180	In compliance
Grade 1	50,400	50,492	-	50,492	180	-	180	In compliance
Grade 2	50,400	50,492	-	50,492	180	-	180	In compliance
Grade 3	50,400	50,492	-	50,492	180	-	180	In compliance
Grade 4	54,000	54,008	-	54,008	180	-	180	In compliance
Grade 5	54,000	54,008	-	54,008	180	-	180	In compliance
Grade 6	54,000	54,008	-	54,008	180	-	180	In compliance

<sup>(1)</sup> During the audit year, the District closed West Campus High School for one day (February 5, 2024) in response to weather-related issues. A Form J-13A waiver was requested to receive credit for the 1 day and 381 instructional minutes in grade span 9 through 12, that were lost due to the closure. The District received CDE approval for its Form J-13A waiver request on August 26, 2024. All other District sites remained open for the originally planned instructional minutes and days for the 2023-24 year. Excluding the one-day closure, other sites of the District offered lower minutes than those offered by West Campus High School and therefore the credited minutes are not presented in the above Schedule of Instructional Time.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the Year Ended June 30, 2024

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2023-24 Actual Minutes Offered</u>	<u>Number of Credited Minutes in Form J-13A<sup>(2)</sup></u>	<u>2023-24 Total Reported Minutes</u>	<u>2023-24 Actual Days Offered</u>	<u>Number of Credited Days in Form J-13A<sup>(2)</sup></u>	<u>2023-24 Total Reported Days</u>	<u>Status</u>
<u>George Washington Carver School of Arts and Science - Classroom Based</u>								
Grade 9	64,800	64,800	-	64,800	180	-	180	In compliance
Grade 10	64,800	64,800	-	64,800	180	-	180	In compliance
Grade 11	64,800	64,800	-	64,800	180	-	180	In compliance
Grade 12	64,800	64,800	-	64,800	180	-	180	In compliance
<u>New Joseph Bonnheim Charter School - Classroom Based</u>								
Kindergarten	36,000	36,000	-	36,000	180	-	180	In compliance
Grade 1	50,400	50,552	-	50,552	180	-	180	In compliance
Grade 2	50,400	50,552	-	50,552	180	-	180	In compliance
Grade 3	50,400	50,552	-	50,552	180	-	180	In compliance
Grade 4	54,000	54,068	-	54,068	180	-	180	In compliance
Grade 5	54,000	54,068	-	54,068	180	-	180	In compliance
Grade 6	54,000	54,068	-	54,068	180	-	180	In compliance
<u>New Technology High School - Classroom Based</u>								
Grade 9	64,800	64,601	402	65,003	174	1	175	In compliance
Grade 10	64,800	64,601	402	65,003	174	1	175	In compliance
Grade 11	64,800	64,601	402	65,003	174	1	175	In compliance
Grade 12	64,800	64,601	402	65,003	174	1	175	In compliance

<sup>(2)</sup> During the audit year, the District closed New Technology High School for one day (February 5, 2024) in response to weather-related issues. All other charter school sites remained open for the originally planned instructional minutes and days for the 2023-24 year. A Form J-13A waiver was requested to receive credit for the 1 day and 402 instructional minutes in grade span 9 through 12, that were lost due to the closure. The District received approval for its Form J-13A waiver request on November 20, 2024.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through California Department of Education</u>			
Special Education Cluster:			
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 8,435,249
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISP	10115	25,777
84.027	Special Ed: IDEA Local Assistance, Part B, Sec 611, Early Intervening	10119	1,435,895
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	15639	230,848
84.173	Special Ed: IDEA Part B, Sec 619, Preschool Grants Early Intervening Services	10131	40,801
84.027A	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15197	452,913
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	2,238
84.027A	Special Ed: IDEA Quality Assurance & Focused Monitoring	13693	66,000
84.173A	Special Ed: Alternate Dispute Resolution, Part B, Sec 611	13007	39,559
Subtotal Special Education Cluster			10,729,280
Adult Education Programs:			
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	44,225
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	12,600
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	6,500
Subtotal Adult Education Programs			63,325
Career and Technical Education Programs:			
84.048	Strengthening Career and Technical Education for the 21st Century (Perkins V): Adult, Section 132	14894	33,525
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131	15294	839,992
Subtotal Career and Technical Education Programs			873,517
Title I Programs:			
84.010	ESEA: Title I, Part Basic Grants Low-Income and Neglected	14329	19,046,684
84.010	ESEA: School Improvement Funding for LEAs	15438	887,072
Subtotal Title I Programs			19,933,756
Title III Programs:			
84.365	ESEA: Title III, Immigrant Student Program	14346	2,097
84.365	ESEA: Title III, English Learner Student Program	15146	1,330,525
Subtotal Title III Programs:			1,332,622

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425	COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547	\$ 8,197,788
84.425	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559	56,207,454
84.425U	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155	478,668
84.425D	COVID-19: Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	15618	2,560,791
84.425C	COVID-19: Expanded Learning Opportunities (ELO) Grant GEER II	15619	4,953,499
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	15620	733,392
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	15621	352,189
84.425	COVID-19: ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	15652	20,681
84.425	COVID-19: 21st Century Community Learning Centers Rate Increase ESSER III State Reserve Afterschool Programs	15651	266,069
84.425	COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	15564	12,423,270
84.425	COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	15566	1,574,890
84.425	COVID-19: Adult Ed Support	*	6,432
84.425	COVID-19: Housing Assistance	*	1,239
84.425F	COVID-19: Higher Education Emergency Relief Funds (HEERF)	*	5,037
	Subtotal COVID-19: ESF Programs		<u>87,781,399</u>
84.126	Department of Rehabilitation: Workability II, Transitions Partnership	10006	114,068
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Grants	14332	77,069
84.060	Indian Education (From Federal Government)	10011	35,237
84.063	Financial Aid Pell Grant	*	161,610
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers	14349	3,149,062
84.336	Sacramento STEM Power	*	3,785
84.367	ESEA: Title II, Part A, Supporting Effective Instruction	14341	1,881,344
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment	15396	<u>1,540,373</u>
	Total U.S. Department of Education		<u>127,676,447</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2024

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Health and Human Services - Passed through</u>			
<u>California Department of Health Care Services</u>			
CCDF Cluster:			
93.575	COVID-19: Child Development: Coronavirus Response and Relief Supplemental Appropriations Act - One-time Stipend	15640	\$ 63,386
93.575	COVID-19: Child Development: ARP California State Preschool Program - Rate Supplements	15641	10,086
93.596	Child Development: Federal Child Care, Center-based	15136	90,839
93.575	Child Development: Facility Stabilization Stipends	*	5,283
Subtotal CCDF Cluster			169,594
93.674	Chafee Foster Care Independent Living	*	91,947
93.600	Head Start - Head Start Cluster	10016	6,989,564
93.566	Refugee Cash and Medical Assistance Program	*	256,602
Total U.S. Department Health and Human Services			7,507,707
<u>U.S. Department of Agriculture - Passed through</u>			
<u>California Department of Education</u>			
Child Nutrition Cluster:			
10.555	Child Nutrition: School Programs	13396	22,342,373
10.555	Supply Chain Assistance (SCA) Funds	15655	1,491,755
10.555	SNP COVID-19 Emergency Operational Costs Reimbursement	15637	15,003
10.555	Local Food for Schools	15708	259,975
10.559	Child Nutrition: Summer Food Service Program Operations	13004	552,586
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	3,202
Subtotal Child Nutrition Cluster			24,664,894
Child and Adult Care Food Programs (CACFP):			
10.558	COVID-19: Child Care Food Program - Emergency Operational Operational Costs Reimbursement (ECR)	15577	2,164
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care	13393	3,752,064
Subtotal CACFP Programs			3,754,228
Total U.S. Department of Agriculture			28,419,122
<u>U.S. Department of Defense</u>			
12.357	ROTC Language and Culture Training Grants	*	278,984

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended June 30, 2024

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Assistance Listing (AL) <u>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 - Passed through</u>			
<u>California Department of Education</u>			
	Workforce Innovation and Opportunity Act Cluster:		
17.259	Workforce Investment Act, Youth Activities	10055	\$ <u>270,678</u>
<u>Federal Emergency Management Agency - Passed through</u>			
<u>California Department of Education</u>			
97.036	FEMA Public Assistance Funds	10014	<u>7,162,887</u>
	Total Federal Programs		<u>\$ 171,315,825</u>

\* Pass-Through Entity Identifying Number either not available or not applicable.

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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, 2024

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	Bond Interest and Redemption <u>Fund</u>
June 30, 2024 Unaudited Actual Financial Reporting Ending Fund Balance	\$ 48,064,933
To record debt issuance premiums for 2022 General Obligation Bonds not recorded by the Sacramento County Treasurer	<u>17,234,329</u>
June 30, 2024 Audited Financial Statements Ending Fund Balance	<u>\$ 65,299,262</u>

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

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See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2024  
(UNAUDITED)

	(Budget) <u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 672,582,956	\$ 857,880,004	\$ 801,244,023	\$ 626,008,259
Expenditures	761,345,639	815,896,594	653,164,085	639,401,977
Other uses and transfers out	-	1,085,010	-	2,660,202
Total outgo	761,345,639	816,981,604	653,164,085	642,062,179
Change in fund balance	\$ (88,762,683)	\$ 40,898,400	\$ 148,079,938	\$ (16,053,920)
Ending fund balance	\$ 210,068,452	\$ 298,831,135	\$ 257,932,735	\$ 109,852,797
Available reserves	\$ 21,773,174	\$ 81,751,573	\$ 46,528,353	\$ 48,796,417
Designated for economic uncertainties	\$ 15,137,654	\$ 16,290,249	\$ 13,039,261	\$ 12,763,716
Undesignated fund balance	\$ 6,635,520	\$ 65,461,324	\$ 33,489,092	\$ 36,032,701
Available reserves as percentages of total outgo	<u>2.9%</u>	<u>10.0%</u>	<u>7.1%</u>	<u>7.6%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ 1,678,960,791	\$ 1,734,733,071	\$ 1,467,939,991	\$ 1,150,304,688
Average daily attendance at P-2, excluding Adult and Charter School	<u>33,517</u>	<u>33,673</u>	<u>33,727</u>	<u>32,673</u>

The fund balance of the General Fund has increased by \$172,924,418 over the past three years. The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2024-2025 fiscal year. For a district this size, the state recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2024, the District has met this requirement.

Total long-term liabilities have increased by \$584,428,383 over the past two years.

Average daily attendance has increased by 1,000 over the past two years. The District anticipates a decrease of 156 ADA for the 2024-2025 fiscal year.

See accompanying notes to supplementary information.



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the Year Ended June 30, 2024

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Charter No.	<u>Charter Schools Chartered by District</u>	Included in District Financial Statements, or <u>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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES  
For the Year Ended June 30, 2024

	<u>Academic and Support Services*</u>	<u>Child Care*</u>
<b>Revenues</b>		
Other local sources	<u>\$ 211,279</u>	<u>\$ 315,886</u>
<b>Expenditures:</b>		
Certificated salaries	125,621	128,449
Classified salaries	-	44,609
Employee benefits	71,673	124,328
Books and supplies	14,043	211
Contract services and operating expenditures	(58)	878
Indirect costs	<u>-</u>	<u>17,411</u>
Total expenditures	<u>211,279</u>	<u>315,886</u>
Change in fund balance	-	-
Fund balance, July 1, 2023	<u>-</u>	<u>-</u>
Fund balance, June 30, 2024	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

\* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 72 to 73 of the financial statements for a complete presentation of the Child Development Fund.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2024

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**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 Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Sacramento City Unified School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The District had no subrecipients.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2024-2025 fiscal year, as required by the State Controller's Office.

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

Schedule of First 5 Revenues and Expenditures: This schedule provides information about the First 5 Sacramento County Program.

**NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2024, the District did not adopt this program.

**OTHER INFORMATION**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2024

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Sacramento City Unified School District, a political subdivision of the State of California, was established on July 7, 1936. The territory covered by the District does not include certain areas of the City of Sacramento but does include some contiguous territory located outside city boundaries, but within Sacramento County boundaries. 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 special education centers, two adult education centers, two dependent charter elementary schools (grades K-6), three dependent charter high schools (grades 9-12), seven independent charters residing in District facilities, three independent charters not residing in District facilities, thirty-six preschool programs, three before/after school children's centers, and thirty-three transitional kindergarten programs.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Lavinia Grace Phillips	President	December 2024
Jasjit Singh	Vice President	December 2026
Chinua Rhodes	Second Vice President	December 2024
Tara Jeane	Member	December 2026
Christina Pritchett	Member	December 2024
Jamee Villa	Member	December 2024
Taylor Kayatta	Member	December 2026
Gracie Miller Segura <sup>(1)</sup>	Student Member	June 2024

ADMINISTRATION

Lisa Allen  
Superintendent

Mary Hardin Young  
Deputy Superintendent

Brian Heap  
Chief Communications Officer

Janea Marking  
Chief Business and Operations Officer

Cancy McArn  
Chief Human Resources Officer and Lead Negotiator

Timothy Rocco  
Chief Information Officer

Yvonne Wright  
Chief Academic Officer

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<sup>(1)</sup> In June 2024, Justine Chueh-Griffith was voted into office as Student Board Member for the 2024-25 year.

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE  
AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Education  
Sacramento City Unified School District  
Sacramento, California

### Report on Compliance

#### ***Qualified Opinion on State Compliance***

We have audited Sacramento City Unified School District's (the District) compliance with the requirements specified in the State of California *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

#### ***Basis for Qualified Opinion on State Compliance***

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements noted in the table below.

#### ***Matters Giving Rise to Qualified Opinion on State Compliance***

As described in the accompanying Schedule of Findings and Questioned Costs as items 2024-004, 2024-005, 2024-006, 2024-007, and 2024-008 the District did not comply with requirements regarding Attendance, Independent Study, Instructional Materials, School Accountability Report Card, and Charter Schools Attendance. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

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(Continued)

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements noted in the table below 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 state programs.

**Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements noted in the table below 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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a 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 noted in the table below 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 state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 noted in the table below and performing such other procedures as we consider necessary in the circumstances.
- 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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

<u>2023-24 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes

(Continued)

M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools	N/A, see below
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes

*School Districts, County Offices of Education, and Charter Schools:*

T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes

*Charter Schools:*

AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction	Yes
EE. Annual Instructional Minutes-Classroom Based	Yes
FF. Charter School Facility Grant Program	N/A, see below

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer a qualifying Early Retirement Incentive Program in the audit year.

We did not perform any procedures related to Juvenile Court Schools because the District does not operate any Juvenile Court Schools, as it is not a County Office of Education.

We did not perform any testing of Middle or Early College High Schools because the District did not have any Middle or Early College High Schools in the audit year.

We did not perform any procedures related to District of Choice because the District is not reported as a District of Choice per the California Department of Education in the audit year.

We did not perform any procedures related to Independent Study-Course Based because the District did not report any Average Daily Attendance from this program in the audit year.

We did not perform any testing of Charter School Facility Program because the District did not a Charter School Facility Program in the audit year.

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.



## Other Matters

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-005 to be a material weakness.

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

Our 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.

### **Purpose of this Report**

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 *2023-2024 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 3, 2024

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

Board of Education  
Sacramento City Unified School District  
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements, and have issued our report thereon dated December 3, 2024.

### Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified deficiencies in internal control, described as findings 2024-002 and 2024-003 in the accompanying schedule of audit findings and questioned costs, that we consider to be significant deficiencies.

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(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's Response to Findings

*Government Auditing Standards* require the auditor to perform limited procedures on Sacramento City Unified School District's responses to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Questioned Costs. Sacramento City Unified School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## 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 3, 2024

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 the First 5 Sacramento County Program that could have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2024.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2024.

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

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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(Continued)

### ***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 Program Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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(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.

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California  
December 3, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Education  
Sacramento City Unified School District  
Sacramento, California

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

#### ***Opinion on Each Major Federal Program***

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Sacramento City Unified School District's major federal programs for the year ended June 30, 2024. Sacramento City Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sacramento City Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sacramento City Unified School District's compliance with the compliance requirements referred to above.

#### ***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 Sacramento City Unified School District's federal programs.

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(Continued)

## **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 Sacramento City Unified School 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 Uniform Guidance 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 Sacramento City Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we,

- exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 Sacramento City Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Sacramento City Unified School 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sacramento City Unified School 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.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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(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.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and somewhat stylized.

Crowe LLP

Sacramento, California  
December 3, 2024

## **FINDINGS AND RECOMMENDATIONS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2024

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	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ <u>X</u> Yes	_____ None reported	

Noncompliance material to financial statements noted? Unmodified

	_____ Yes	_____ <u>X</u> No	
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**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> None reported	

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Unmodified

	_____ Yes	_____ <u>X</u> No	
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Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.287	ESEA: Title IV, Part B, 21st Community Learning Centers
97.036	FEMA Public Assistance
84.425, 84.425C, 84.425D, 84.425U	COVID-19: ESF Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Unmodified

	_____ <u>X</u> Yes	_____ No	
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**STATE AWARDS**

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION II - FINANCIAL STATEMENT FINDINGS

**2024-001 DEFICIENCY – INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000)**

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

Condition:

C.K. McClatchy High School –

- Bank deposits are not made timely from the day cash receipts are collected.
- The school does not consistently utilize numbered receipts, tally sheets, or other methods of documenting cash sales when conducting fundraisers.
- ASB purchase approvals are not consistently documented in club meeting minutes.
- The school does not prepare profit and loss statements for the student store.
- The school does not document who prepares and reviews periodic inventory counts for the student store.

George Washington Carver –

- ASB purchase approvals are not consistently documented in club meeting minutes.
- ASB fundraising activity approvals are not consistently documented in club meeting minutes.

Luther Burbank High School –

- Bank deposits are not made timely from the day cash receipts are collected.
- The ASB Clerk does not consistently sign cash collection forms to document their recount of cash receipts.
- Periodic profit and loss statements for the student store are not reviewed by the Principal.

New Technology High –

- At the time of the site visit audit in April 2024, bank deposits had not been made for the entire school year. As such, cash from fundraising activities, dance ticket sales, and student store activities were accumulating in the school's locked safe.
- Reimbursements to school personnel for ASB activity purchases were not requested through a District-approved Disbursement Request form. Alternatively, the payee completed a reimbursement form supported by store receipts and signed by two other personnel. The staff were then reimbursed in cash from fundraising activity receipts.
- Due to the cash receipt and disbursement process described above no activity had been posted to the SchoolBooks GL system in the current fiscal year under audit.
- ASB purchase approvals are not consistently documented in club meeting minutes.
- Fundraising activities were not approved by the student council, nor does the school prepare a Fundraising Request form for approval by a District Accounting Specialist.

Will C. Wood Middle School –

- The school does not prepare profit and loss statements for the student store.
- The school does not document who prepares and reviews periodic inventory counts for the student store.

Effect: ASB funds could potentially be misappropriated.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION II - FINANCIAL STATEMENT FINDINGS

**2024-001 DEFICIENCY – INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000)**  
(Continued)

Cause: Adequate internal control procedures have not been implemented and enforced.

Identification of Repeat Finding: Not applicable.

Recommendation: The District's management team should implement the following:

- The student store inventory counts should occur periodically throughout the year and the count sheets should be signed and dated.
- Profit and loss statements for the student store should be prepared and reviewed periodically.
- Bank deposits should be made timely from the date cash is received.
- Numbered receipts or other sales tracking documents should be maintained to support cash deposits.
- Cash collection forms should be dual counted and properly maintained to support cash deposits.
- All ASB activity should be recorded in SchoolBooks.
- Reimbursing school Staff for fundraising purchases should be performed by check through an approved Disbursement Request form rather than cash.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the recommendations and is committed to implementing corrective actions. To resolve the findings, the District will work with site administration and staff to conduct quarterly inventory counts with documented signoffs, prepare and review monthly profit and loss statements, and ensure timely deposits of cash receipts. Sales will be tracked with numbered receipts or a sales log, and all cash collections will be dual-counted with signoffs. ASB transactions will be promptly recorded in SchoolBooks, and reimbursements processed by check with an approved form to avoid cash handling. Additional training will be provided to District staff to strengthen internal controls and cash management, as well as quarterly reviews and an internal audit in six months will monitor compliance and assess the effectiveness of these measures, reinforcing the integrity of ASB fund management and internal controls.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION II - FINANCIAL STATEMENT FINDINGS

**2024-002 SIGNIFICANT DEFICIENCY – INTERNAL CONTROL – GASB 31 FAIR MARKET VALUE ADJUSTMENT FOR CASH IN COUNTY TREASURY (30000)**

Criteria: The Governmental Accounting Standards Board issued Statement No. 31 (GASB 31) to establish valuation standards for all investments held by governmental external investment pools. This requires the District to recognize changes in the fair value of Cash placed in the Sacramento County Treasury pooled investment fund as revenue (Object 8662) and as a Fair Value Adjustment to Cash in County Treasury (Object 9111), as part of its fiscal year-end close process.

Condition: The District miscalculated the net increase in the fair value of investments, resulting in a government-wide overstatement of cash of \$5,719,666.

Effect: Cash in County Treasury was overstated.

Cause: Adequate internal control procedures have not been implemented over the year-end GASB 31 calculation.

Identification of Repeat Finding: Not applicable.

Recommendation: The District's management team should implement or reinforce controls to ensure accurate accounting for GASB 31.

Views of Responsible Officials and Planned Corrective Action: The District acknowledges the identified deficiency and will implement corrective actions to resolve the issue. These actions will include the development of clear, written procedures for calculating fair value adjustments, the establishment of a multi-step review and approval process, and the provision of targeted training for accounting staff on GASB 31 requirements. Specifically, a senior accounting staff member will be responsible for verifying all calculations related to fair value adjustments before finalizing year-end financial statements. These corrective measures will strengthen internal controls and ensure greater accuracy in financial reporting.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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**2024-003 SIGNIFICANT DEFICIENCY – INTERNAL CONTROL – ACCOUNTS PAYABLE (30000)**

Criteria: Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. The District is required to have proper internal controls in place, specifically with respect to for accruals and recording of transactions in the appropriate period.

Condition: 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.

Effect: The condition resulted in an understatement of accounts payable in the District's Building Fund as of June 30, 2024.

Cause: The District internal controls did not capture items paid after year-end in the accounts payable accruals 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.

Identification of Repeat Finding: Not applicable.

Recommendation: The District's management team should implement or update internal controls over financial reporting for accounts payable to ensure that all services performed but not yet paid are appropriately accrued at fiscal year-end, for all funds of the District.

Views of Responsible Officials and Planned Corrective Action: The District's management team is implementing improved internal controls over Accounts Payable and Financial Reporting to ensure all invoices for services rendered on or before June 30 are properly accrued in the correct fiscal year for all district funds, avoiding any future understatement of liabilities. Key actions include updating and reinforcing internal control policies, providing staff training to ensure compliance with accrual procedures, and streamlining the accounts payable process. Additionally, significant accruals will be subject to management review, and regular monitoring will be conducted to ensure adherence to these controls. These corrective actions, scheduled for completion by June 30, 2025, are intended to strengthen internal controls by ensuring the accuracy of financial reporting and compliance with applicable standards.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2024-004 DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)**

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

Condition:

John Bidwell Elementary School –

- One student was improperly recorded as present, resulting in an overstatement of one day of attendance.

John Still Elementary School –

- One student was improperly recorded as present, resulting in an overstatement of two days of attendance.

Sequoia Elementary School –

- Three students were improperly recorded as present, resulting in an overstatement of three days of attendance.

Effect: The effect of this finding is an overstatement of 0.04 ADA.

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

Fiscal impact: The error is below 0.50 ADA, therefore there is no fiscal impact.

Identification of Repeat Finding: This is partially a repeat of finding 2023-001, identified in the June 30, 2023 audit.

Recommendation: The District's management team should implement or reinforce internal controls over compliance, to ensure accurate accounting for attendance.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the recommendation and will work with site administration and staff to implement the recommendations. The District will continue to provide staff training on attendance reporting procedures.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2024-005 MATERIAL WEAKNESS – STATE COMPLIANCE – INDEPENDENT STUDY (40000)**

Criteria: Pursuant to Education Code 51747, no days of attendance are to be reported for dates prior to the signing of the independent study agreement by all parties.

Condition:

Capital City School –

- A sample of 16 students were claimed for attendance before written agreements were signed by one or more of the required parties, resulting in an overstatement of 1.34 ADA.

Ethel Phillips Elementary School –

- One student was claimed for one day of independent study attendance outside of the written agreement term, resulting in an overstatement of 0.01 ADA.

Effect: The District is out of compliance with state requirements.

Cause: The District claimed attendance for students prior to the completion of the independent study contract.

Fiscal impact: The effect of this finding is an overstatement of 0.03 ADA in Grade Span TK-3 for a total overstatement of approximately \$6,076; an overstatement of 0.68 ADA in Grade Span 4-6 for a total of overstatement of approximately \$8,428; an overstatement of 0.13 ADA in Grade Span 7-8 for a total overstatement of approximately \$1,614; and an overstatement of 0.09 ADA in Grade Span 9-12 for a total overstatement of approximately \$1,440.

Identification of Repeat Finding: Not applicable.

Recommendation: The District's management team should ensure independent study ADA is not claimed until an independent study contract is completed by all required parties.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the recommendation. We will continue to provide Independent Study training to ensure everyone follows the process. The District will report revised figures on the P-2 and Annual Attendance Report.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2024-006 DEFICIENCY – STATE COMPLIANCE – INSTRUCTIONAL MATERIALS (70000)**

Criteria: Determine whether the school district governing board or county board of education, prior to making a determination through a resolution as to the sufficiency of textbooks or other instructional materials, held the public hearing or hearings required by Education Code section 60119 on or before the end of the eighth week from the first day pupils attended school for that year, or, in a school district or COE having schools that operate on a multitrack, year-round calendar, on or before the end of the eighth week from the first day pupils attended school for that year on any track that began in August or September.

Condition: The District did not hold the required public hearing regarding instructional material within the first 8 weeks of school.

Effect: The District is out of compliance with state requirements.

Cause: The District's Board of Education did not make a determination as to the sufficiency of instructional materials or textbooks within the 8-week time from the first day pupils attended school for that year.

Fiscal impact: There is no applicable fiscal impact.

Identification of Repeat Finding: This is a repeat of finding 2023-002, identified in the June 30, 2023 audit.

Recommendation: The District's management team should implement procedures to ensure a public hearing regarding instructional materials is held before the end of the 8<sup>th</sup> week of the school year.

Views of Responsible Officials and Planned Corrective Action: The District will ensure that the public hearing is held within the first eight weeks of school in compliance with the Pupil Textbook and Instructional Materials Incentive Act (Ed Code 60119). Furthermore, the District will ensure that the notice of public hearing will be posted in at least three locations throughout the district for at least ten days prior to the public hearing. In order to be compliant with these timelines, at the earliest possible date, all sites will be provided with a textbook inventory list and surveyed for textbooks/instructional materials needs. Surplus textbooks and instructional materials will be redistributed, additional textbooks and instructional materials will be ordered and distributed to sites. All preparations for SCOE site visits will be completed and communicated to sites. Insufficiencies will be remedied via collaboration between site and Library Textbook Services. All of these actions will be completed well in advance of the public hearing (the first available board meeting after the conclusion of SCOE site visits), which will be within the first 8 weeks of school.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2024-007 DEFICIENCY – STATE COMPLIANCE – SCHOOL ACCOUNTABILITY AND REPORT CARD (72000)**

Criteria: Education Code Section 33126(b)(8) requires that the school accountability report card shall include, but is not limited to, assessment of the following school conditions: (8) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089.

Condition: 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 each of the following sites:

- Ethel Phillips Elementary School
- Edward Kemble Elementary School
- Miwok Middle School

Effect: The District is not in compliance with Education Code 33126(b)(8).

Cause: The inconsistencies were the result of clerical errors in the preparation of the school accountability report cards.

Fiscal impact: There is no applicable fiscal impact.

Identification of Repeat Finding: Not applicable.

Recommendation: The District's management team should implement or reinforce internal controls over compliance to ensure that all sites' school accountability report cards are completed appropriately and agree to the related supporting documentation for all reporting areas required by Ed Code 33126(b)(8).

Views of Responsible Officials and Planned Corrective Action: The District will implement an additional internal control process of the school accountability report cards before publication to ensure that the school accountability report cards are completed based on the most recent Facility Inspection Tool information.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2024-008 DEFICIENCY – STATE COMPLIANCE – CHARTER SCHOOL ATTENDANCE (10000)**

Criteria: Education Code Section 41601. For purposes of this chapter, the governing board of each school district shall report to the Superintendent during each fiscal year the average daily attendance of the school district for all full school months during (1) the period between July 1 and December 31, inclusive, to be known as the “first period” report for the first principal apportionment, and (2) the period between July 1 and April 15, inclusive, to be known as the “second period” report for the second principal apportionment. Each county superintendent of schools shall report the average daily attendance for the schools and classes maintained by the county superintendent of schools and the average daily attendance for the county school tuition fund. Each report shall be prepared in accordance with instructions on forms prescribed and furnished by the Superintendent.

Condition: Two students at George Washington Carver were improperly recorded as present, resulting in an overstatement of two days of attendance.

Effect: The effect of this finding is an overstatement of 0.02 ADA.

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

Fiscal impact: The error is below 0.50 ADA, therefore there is no fiscal impact.

Identification of Repeat Finding: Not applicable.

Recommendation: The District’s management team should implement or reinforce internal controls over compliance to ensure accurate accounting for attendance.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the recommendation and will work with site administration and staff to implement the recommendations. The District will continue to provide staff training on attendance reporting procedures.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2024

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

**2023-001 DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)**

Condition: The District excluded Continuation Education ADA from the “B-6” line item in the “Other” section of the District-wide Second Period Report for the year ended June 30, 2023.

Recommendation: The District should ensure ADA is reported on the proper line items in the Second Period Report.

Current Status: Partially implemented.

District Explanation if Not Implemented: An unrelated finding for Attendance was identified as Finding 2024-004, in the June 30, 2024 audit.

**2023-002 DEFICIENCY – STATE COMPLIANCE – INSTRUCTIONAL MATERIALS (70000)**

Condition: The District did not hold the required public hearing regarding instructional materials within the first 8 weeks of school.

Recommendation: The District should implement procedures to ensure a public hearing regarding instructional materials is held within the first 8 weeks of school.

Current Status: Not implemented.

District Explanation if Not Implemented: Refer to current year audit Finding 2024-005.

**2023-003 DEFICIENCY – STATE COMPLIANCE – COMPREHENSIVE SCHOOL SAFETY PLAN (40000)**

Condition: 1 of the 14 comprehensive school safety plans inspected was reviewed and approved after March 1, 2023.

Recommendation: The District should implement procedures to ensure they meet the deadlines set forth in the State Audit Guide.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2024

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**2023-004 DEFICIENCY – STATE COMPLIANCE – IMMUNIZATIONS (40000)**

Condition: Immunization records evidencing a second dose of varicella and measles vaccine were not obtained for four students; however, the students were admitted, and attendance was claimed, for the disallowed period.

Recommendation: This is a repeat finding. The District should ensure the Title 17, California Code of Regulations section 6025 requirements are properly followed prior to admission.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

**2023-005 MATERIAL WEAKNESS – STATE COMPLIANCE – AFTER AND BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000)**

Condition: Of the 5 sites selected for testing for the After School Program, one site did not have the supporting sign-in sheets for the reported attendance from 9/1/2023 to 9/23/2023.

Recommendation: The District should implement procedures to ensure proper written records are maintained at the District office as well as the service providers.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

**2023-006 MATERIAL WEAKNESS – STATE COMPLIANCE – TRANSITIONAL KINDERGARTEN (40000)**

Condition: Hubert Bancroft Elementary School did not maintain an adult to pupil average ratio pursuant to paragraph (2) of subdivision (g) of Education Code Section 48000.

Recommendation: The District should implement procedures to ensure schools maintain the required adult to pupil average ratio.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.