



# SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item # 8.3

**Meeting Date:** February 3, 2022

**Subject:** Independent Audit Report for the Fiscal Year Ended June 30, 2021,  
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, 2021, submitted by Crowe LLP.

**Background/Rationale:** Education Code Section 41020

## Financial Considerations

\_\_\_\_\_: N/A

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

**Documents Attached:**

1. Executive Summary
2. Independent Audit Report for the Fiscal Year Ended June 30, 2021, Submitted by Crowe LLP

<p><b>Estimated Time:</b> 10 Minutes <b>Submitted by:</b> Rose Ramos, Chief Business Officer <b>Approved by:</b> Jorge A. Aguilar, Superintendent</p>
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# Board of Education Executive Summary

## Business Services

Independent Audit Report for the Fiscal Year Ended June 30, 2021

Submitted by Crowe LLP

February 3, 2022



### I. OVERVIEW/HISTORY:

Per Education Code section 41020, each year districts are required to conduct an audit of funds under the jurisdiction of the Governing Board by December 15. Due to the COVID-19 pandemic, the State of California extended the deadline for the 2021 audit report due date until January 31, 2022.

The firm of Crowe LLP audited the financial statements of the district for the year ended June 30, 2021. 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 2021 audit report at the February 3, 2022 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;

# Board of Education Executive Summary

## Business Services

Independent Audit Report for the Fiscal Year Ended June 30, 2020,

Submitted by Crowe LLP

February 3, 2022



### III. BUDGET:

The cost of the annual audit for the year ending June 30, 2020, is \$13,500. This is a General Fund expenditure.

### 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  
 WITH SUPPLEMENTARY INFORMATION  
 For the Year Ended June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Sacramento City Unified School District  
Sacramento, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

#### Emphasis of Matter - Management's Plan

As discussed in Note 13 of the financial statements, the District has suffered from declining student enrollment and attendance percentages, cost pressures related to escalating pension and healthcare costs and costs associated with Special Education program and facilities requirements and significant deficit spending in the General Fund. Management's plan in regard to these matters is described in Note 13. Our opinion is not modified with respect to this matter.

#### Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$1,427,892. Our opinions are not modified with respect to this matter.

#### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 14 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability and Related Ratios, the Schedule of the District's Contributions – OPEB, the Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 61 to 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the

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(Continued)





## Management's Discussion and Analysis

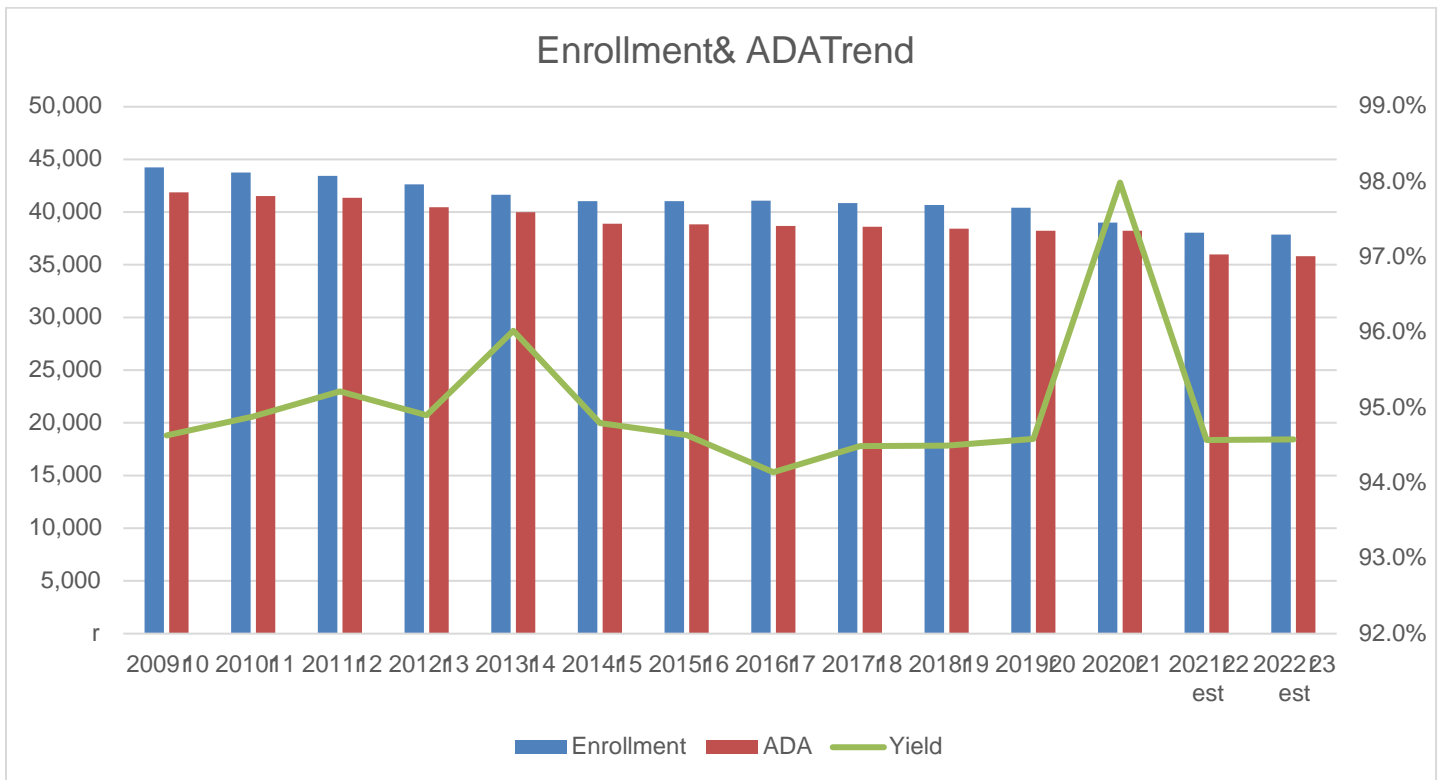
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by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

### District Overview

Sacramento City Unified School District (the "District"), located in Sacramento County, is the thirteenth largest school district in California Education Code.

For fiscal year 2020-21, the District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five district operated charter schools), and forty-eight preschool classrooms.

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



## COVID-19 Impacts

On March 13, 2020, California Governor Gavin Newsom issued Executive Order N-26-20, proclaiming a State of Emergency to exist in California as a result of the threat of the COVID-19 virus. On June 29, 2020, the Governor signed Senate Bill 98, amending apportionment rules for the 2020-21 school year. For the purposes

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.

## District-wide Financial Condition

The Statement of Net Position is a district-wide financial stat

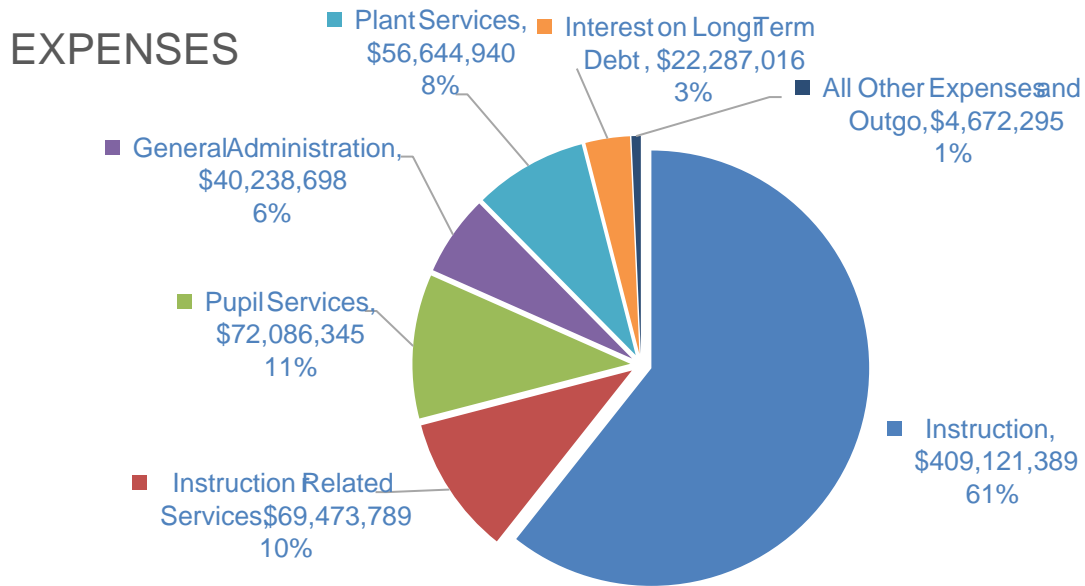
District-wide Financial Condition (Continued)

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

	June 30, 2021	June 30, 2020	Variance	% Diff
Expenses				
Governmental Activities:				
Instruction	\$409,121,389	\$404,009,047	\$5,112,342	1%

District-wide Financial Condition (Continued)

The District overall experienced a \$90,237,134 increase in net position. Total revenues increased by 9% or \$63,644,232 from the 2019-20 fiscal year primarily due to an increase in operating grants and contributions. Total expenditures increased by 1% or \$4,564,942 from the 2019-20 fiscal year. The slight increase in expenditures is primarily due to an increase in General Administration costs.



## 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



## 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, 2021:

	Adopted Budget	Year End Budget	Actual
Total Revenues	\$613,800,230	\$721,864,869	\$626,752,179
Total Expenditures	\$642,020,473	\$616,677,856	\$591,568,014
Total Other Financing Sources/(Uses)	\$1,816,400	\$1,750,228	(\$2,326,059)

The net revenue increase of \$108,064,639 between Adopted Budget and Year End Budget is due to an increase in Federal and State Revenue due to the recognition of COVID related funding sources.

The net decrease to the total expenditure budget between Adopted and Year End Budget was \$25,342,617, primarily due to one time savings including a \$39M decrease in books and supplies.

Actual revenues were \$95,112,689, or 13.18% below the Year End Budget, due primarily to change in the recognition of COVID related funding sources as directed by the California Department of Education. Actual expenditures were \$25,109,842 or 4.07% below Year End Budget due to one time savings in multiple categories as a result of the COVID-19 pandemic.

The following table summarizes the General Fund financial statements for the year ended June 30, 2021:

Total Revenues	\$626,752,179
Total Expenditures	\$591,568,014
Total Other Financing Sources/ (Uses)	(\$2,326,059)
Net Change	\$32,858,106

## District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent

## Capital Projects

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

### Total Expenditures for Fiscal Year Ended June 30, 2021

<u>Measure Q Total</u>	<u>\$ 23,502,285</u>
” Program Management Expenditures	\$ 1,097,269
” Completed Project Expenditures:	
’ Modernization, Repair & Upgrades	\$ 4,218,159
’ Technology Upgrades Restated to COVID Funding Source	(\$ 4,143,067)
” In Progress Project Expenditures:	
’ Core Academic Renovation	\$ 6,742,145
’ Modernization, Repair & Upgrades	\$ 15,587,779
 <u>Measure R Total</u>	 <u>\$ 9,900,162</u>
” Program Management Expenditures	\$ 87,698
” In Progress Project Expenditures:	
’ Nutrition Services Center	\$ 9,812,464

### Summary of Future Projects as of June 30, 2021

<u>Project Year(s)</u>	<u>Projects</u>	<u>Estimated Budget</u>
<u>Measure Q Total</u>		<u>\$ 99,200,000</u>
2022-2024	Core Academic Renovation	\$ 16,988,613
2022-2024	District Wide Fire & Irrigation Improvements	\$ 2,000,000
2021-2024	Modernization, Repair and Upgrade Projects	\$ 73,611,387
2022-2024	Resource & energy Conservation Improvement Projects	\$ 2,000,000
2021-2024	Program Management	\$ 4,600,000

## District Indebtedness

As of June 30, 2021, the District has incurred \$1,380,986,742 in long-term liabilities. Of this amount, \$436,422,966 are General Obligation Bonds and \$22,869,400 are Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002 and 2012. Additionally, \$57,855,000 are Lease Revenue

## BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2021

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	Governmental <u>Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 297,428,360
Receivables	75,054,225
Stores inventory	

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

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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, 2021

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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, 2021

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	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Local control funding formula (LCFF):					
State apportionment	\$ 307,220,871	\$ -	\$ -	\$ 18,191,947	\$ 325,412,818
Local sources	<u>105,461,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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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, 2021

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Net change in fund balances - Total Governmental Funds	\$	7,866,428
activities are different because:		
funds, but increases capital assets in the statement of net position (Note 4).		50,116,641
in the governmental funds (Note 4)		(39,367,603)
of capital assets is reported as revenue (loss). In the statement of activities, only the resulting gain or loss is reported (Note 4)		(495,557)
expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).		31,400,000
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).		(2,208,384)
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the liability in the statement of net position. (Note 6).		2,530,870
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:		(152,585)
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.		175,935
which costs are charged to other funds on a full cost recovery basis. The change in net position for the Self-Insurance Fund was:		(302,801)

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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, 2021

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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):	\$ (25,516,395)
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).	(358,390)
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>66,548,975</u>
Change in net position of governmental activities	<u>\$ 90,237,134</u>

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF FUND NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND  
June 30, 2021

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ASSETS

Current assets:

Cash and investments:

Cash in County Treasury	\$ 11,397,179
Cash in banks	392
Cash with fiscal agent	250,000
Receivables	2,303,292
Due from other funds	<u>82</u>

Total current assets 13,950,945

LIABILITIES

Current liabilities:

Accounts payable	860,056
Unpaid claims and claim adjustment expenses	<u>458,433</u>

Total current liabilities 1,318,489

NET POSITION

Unrestricted \$ 12,632,456

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGE IN  
NET POSITION – PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2021

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Operating revenues:	
Self insurance premiums	\$ 14,017,741
Operating expenses:	
Classified salaries	351,419
Employee benefits	221,513
Books and supplies	4,372
Contract services	1,166
Provision for claims and claim adjustment expenses	<u>13,796,510</u>
Total operating expenses	<u>14,374,980</u>
Net operating loss	(357,239)
Non-operating income:	
Interest income	<u>54,438</u>

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS – PROPRIETARY FUND  
SELF-INSURANCE FUND  
For the Year Ended June 30, 2021

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Cash flows provided by operating activities:

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST FUND  
June 30, 2021

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	Scholarship <u>Trust</u>
ASSETS	
Cash and investments (Note 2)	
Cash on hand and in banks	\$ <u>435,401</u>
NET POSITION	
Restricted for scholarships	\$ <u>435,401</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, 2021

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	Scholarship Trust
Additions:	
Other local sources	\$ <u>15,455</u>
Deduction:	
Contract services and operating expenditures	<u>33,883</u>
Change in net position	(18,428)
Net position, July 1, 2020	<u>453,829</u>
Net position, June 30, 2021	<u>\$ 435,401</u>

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See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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 beand Sacro7TD [t, theCpopt

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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, 2021.

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. Depreciatixatit o.2(93 0 Ts)TJ 22.7904-

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. At June 30, 2021, the District had no committed fund balances.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2021, 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, 2021, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Estimates: The preparation of basic financial statements in conformity with accounting principles generally 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.

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, Fiduciary Activities. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$1,427,892.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2021 are reported at fair value and consisted of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>	<u>Fiduciary Activities</u>
Pooled Funds:				
Cash in County Treasury	\$ 264,440,059	\$ 11,397,179	\$ 275,837,238	\$ -
Deposits:				
Cash on hand and in banks	4,981,443	392	4,981,835	435,401

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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NOTE 2 – CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts was \$5,658,886 and the bank balance was \$5,616,087. \$985,377 of the bank balance was FDIC insured and \$4,620,354 remained uninsured.

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

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, 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, 2021, 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, 2021 were as follows:

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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 2020-2021 fiscal year were as follows:

Transfer from the General Fund to the Building Fund to reimburse for Chrome-book purchases.	\$	4,076,287
Transfer from the General Fund to the Adult Education Fund to sustain the Adult Education programs.		596,835
Transfer from the General Fund to the Child Development Fund to sustain the Child Development programs.		549,131
Transfer from the General Fund to the Charter Schools Fund for New Tech Charter School		245,201

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance July 1, <u>2020</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2021</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 21,223,495	\$ -	\$ -	\$ 21,223,495
Work-in-process	78,333,953	32,031,315	35,163,609	75,201,659
Depreciable:				
Buildings	906,287,607	45,147,069	41,691	951,392,985
Site improvements	191,881,422	5,447,494	2,584,864	194,744,052
Equipment	<u>63,315,230</u>	<u>2,654,372</u>	865,536	

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

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

On June 14, 2012, the District issued 2012 Genera

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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>
2022	\$ 2,625,000	\$ 1,489,750	\$ 4,114,750
2023	2,770,000	1,358,500	4,128,500
2024	2,915,000	1,220,000	4,135,000
2025	3,025,000	1,074,250	4,099,250
2026	235,000	923,000	1,158,000
2027-2031	-	4,556,250	4,556,250
2032-2036	7,060,000	4,214,750	11,274,750
2037-2040	<u>11,165,000</u>	<u>1,429,750</u>	<u>12,594,750</u>
	<u>\$ 29,795,000</u>	<u>\$ 16,266,250</u>	<u>\$ 46,061,250</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>	Princ
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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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, 2021 is shown below:

	Balance <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2021</u>	Amounts Due Within <u>One Year</u>
Debt:					
General Obligation Bonds	\$ 465,127,966	\$ -	\$ 28,705,000	\$ 436,422,966	\$ 29,975,000
Accreted interest	20,661,016	2,208,384	-	22,869,400	-
Lease Revenue Bonds	60,550,000	-	2,695,000	57,855,000	2,825,000
Premium on issuance	33,031,114	-	2,530,870	30,500,244	2,530,870
Other Long-Term Liabilities:					
Net Pension Liability (Notes 8 & 9)	511,057,000	-	785,000	510,272,000	-
Net OPEB liability (Note 10)	567,907,029	-	250,168,760	317,738,269	-
Compensated absences	4,970,473	358,390	-	5,328,863	5,328,863
	<u>\$ 1,663,304,598</u>	<u>\$ 2,566,774</u>	<u>\$ 284,884,630</u>	<u>\$ 1,380,986,742</u>	<u>\$ 40,659,733</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 Community Facilities Fund and Developer Fees Fund. Payments on the Net Pension Liability, Net OPEB liability and compensated absences are made from the fund for which the related employee worked.

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2021 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 225,000	\$ -	\$ -	\$ 2,000	\$ 227,000
Stores inventory	<u>104,480</u>	-	-	<u>1,552,419</u>	<u>1,656,899</u>
Subtotal nonspendable	<u>329,480</u>	-	-	<u>1,554,419</u>	<u>1,883,899</u>
Restricted:					
Legally restricted programs:					
Grants (unspent categorical revenues)	22,198,603	-	-	-	22,198,603
Student body activities	-	-	-	1,214,018	1,214,018
Adult education operations	-	-	-	801,095	801,095
Child development	-	-	-	413,039	413,039
Cafeteria operations	-	-	-	14,865,948	14,865,948
Charter schools	-	-	-	6,381,614	6,381,614
Capital projects	-	34,418,838	-	20,714,247	55,133,085
Debt service	-	-	<u>40,845,636</u>	-	<u>40,845,636</u>
Subtotal restricted	<u>22,198,603</u>	<u>34,418,838</u>	<u>40,845,636</u>	<u>44,389,961</u>	<u>141,853,038</u>
Assigned:					
2021-22 LCAP Supplemental	4,934,619	-	-	-	4,934,619
2021-22 Projected Deficit	6,694,864	-	-	-	6,694,864
2022-23 Projected Deficit	18,217,212	-	-	-	18,217,212
2023-24 Projected Deficit	24,926,753	-	-	-	24,926,753
MAA Carryover	837,733	-	-	-	837,733
School Site Supplemental carryover	1,400,000	-	-	-	1,400,000
Donations/Lost Textbooks carryover	<u>965,774</u>	-	-	-	<u>965,774</u>
Subtotal assigned	<u>57,976,955</u>	-	-	-	<u>57,976,955</u>
Unassigned:					
Designated for economic uncertainty	11,907,405	-	-	-	11,907,405
Unassigned	33,494,2				

(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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

Employers – 16.15 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469, required that employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation gave the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rates effective for fiscal year 2020-2021 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>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(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%.

The District contributed \$34,403,690 to the plan for the fiscal year ended June 30, 2021.

State – 10.328 percent of the members' calculated based on creditable compensation from two fiscal years prior.

Also, as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045-46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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NOTE 8 – NET PENSION LIABILITY –

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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 a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
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, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was Pula the 3(d [(A

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

\* 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 sh

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2020.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, 2021 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-21.

Employers - The employer contribution rate was 20.70 percent of applicable member earnings.

The District contributed \$13,762,087 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$145,701,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 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, 2020 the District's proportion was 0.475 percent, which was a decrease of 0.052 percent from its proportion measu.4(r)-2.2(opfy.1437 on )6

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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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 a financial reporting actuarial valuation as of June 30, 2019 , and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

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

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

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Funding Method	Entry age normal, level percent of pay
General Inflation Rate	2.5%
Long Term Return on Assets	7.00% as of June 30, 2020 and June 30, 2019, net of plan investment expenses and including inflation
Discount rate	7.00% as of June 30, 2020, determined by the blending of the asset returns and the 20-year high grade municipal bond rate as

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

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

The changes in assumptions include a change in the discount rate from 3.90 percent in the prior valuation, to 7.00 percent in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2021, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 7.0 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 (6.0 percent) and 1 percent higher (8.0 percent):

	1% Decrease <u>(6.0%)</u>	Current Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Net OPEB liability	<u>\$ 374,432,365</u>	<u>\$ 317,738,269</u>	<u>\$ 271,004,914</u>

The following table presents the net OPEB liability calculated using the health care cost trend rate of 5.70 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (4.70 percent) and 1 percent higher (6.70 percent):

	1% Decrease <u>(4.70%)</u>	Healthcare Cost Trend Rates Rate <u>(5.70%)</u>	1% Increase <u>(6.70%)</u>
Net OPEB liability	<u>\$ 266,258,689</u>	<u>\$ 317,738,269</u>	<u>\$ 381,722,685</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$66,548,975. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to

(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

\$31,199,420 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, 2021. 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>	
2022	\$ (77,454,265)
2023	\$ (77,201,145)
2024	\$ (72,265,794)
2025	\$ (63,778,550)
2026	\$ (37,014,699)
Thereafter	\$ (42,162,544)

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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NOTE 13 – MANAGEMENT'S PLANS (Continued)

The District's 2021-22 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and two subsequent years. As of the 2021-22 First interim report the District is projected to have positive cash balances at June 30 for all three fiscal years 2021-22, 2022-2023 and 2023-2024. The District has taken measures to reduce expenditures and increase reserves, including the one-time savings resulting from the COVID-19 pandemic as described above. The District has passed two Student-Centered Fiscal Recovery Plans, one on February 4, 2021 and the second on December 17, 2021 to help address the District's ongoing structural deficit. 13 – A15.9-6 of 6.7 (continued)

REQUIRED SUPPLEMENTARY INFORMATION



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
For the Year Ended June 30, 2021

Last 10 Fiscal Years

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 33,273,763	\$ 28,429,909	\$ 20,002,277	\$ 22,361,924
Interest on total OPEB liability	24,982,078	28,454,100	25,888,179	26,023,049
Differences between expected and actual experience	-	(135,537,910)	-	(98,105,689)
Changes of assumptions	(89,783,252)	(83,559,205)	29,041,398	(170,763,789)
Benefit payments	<u>(20,462,037)</u>	<u>(19,351,654)</u>	<u>(19,644,632)</u>	<u>(18,690,251)</u>
Net change in total OPEB liability	(51,989,448)	(181,564,760)	55,287,222	(239,174,756)
Total OPEB liability - beginning of year (a)	<u>832,507,858</u>	<u>780,518,410</u>	<u>598,953,650</u>	<u>654,240,872</u>
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>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 48,000,844	\$ 33,078,830	\$ 28,640,257	\$ 26,713,074
Net investment income	3,951,473	4,395,048	4,575,947	3,013,601
Administrative expenses	(19,446)	(29,756)	(15,667)	(42,420)
Other expenses	-	(72,482)	-	-
Benefit payments	<u>(20,462,037)</u>	<u>(19,351,654)</u>	<u>(19,644,632)</u>	<u>(18,690,251)</u>
Change in plan fiduciary net position	31,470,834	18,019,986	13,555,905	10,994,004
Fiduciary trust net position - beginning of year (c)	<u>23,287,118</u>	<u>54,757,952</u>	<u>72,777,938</u>	<u>86,333,843</u>
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>
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>
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>
Plan fiduciary net position as a percentage of the total OPEB liability	7%	12%	13%	23%
Covered employee payroll	\$ 263,777,849	\$ 284,495,904	\$ 271,833,894	\$ 279,376,002
Net OPEB liability as a percentage of covered employee payroll	275%	185%	209%	114%

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT





SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the Year Ended June 30, 2021

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Public Employer's Retirement Fund B  
Last 10 Fiscal Years

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
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See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2021

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>
Contractually required contribution	\$ 15,447,858	\$ 19,820,280	\$ 24,828,643	\$ 29,172,733	\$ 35,911,088	\$ 36,383,635	\$ 34,403,690
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>
Contribution deficiency (excess)	<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	\$ 180,124,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**

All years prior to 2015 are not available.

\* 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.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the Year Ended June 30, 2021

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2021

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NOTE 1 - PURPOSE OF SCHEDULES

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

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

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

D - Schedule of 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.

E – 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.

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

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

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

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

<u>Assumption</u>	<u>Measurement Period</u>					
	As of June 30, <u>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%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.			

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SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2021

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Student

Charter

Adult

Child

Developer

County

Community

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, 2021

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Total
Revenues:									
LCFF	\$ -	\$ 18,191,947	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,191,947
Federal sources	-	1,646,214	1,794,065	6,059,896	30,032,168	-	-	-	39,532,343
Other state sources	-	2,025,682	2,126,306	5,593,079	39,056	-	1,919,292	-	11,703,415
Other local sources	135,507	98,577	2,663,911	958,500	525,960	8,302,466	418	1,870,273	14,555,612
Total revenues	135,507	21,962,420	6,584,282	12,611,475	30,597,184	8,302,466	1,919,710	1,870,273	83,983,317
Expenditures:									
Current:									
Certificated salaries	-	8,127,383	1,942,851	4,428,512	-	-	-	-	14,498,746
Classified salaries	-	866,117	1,325,344	2,138,950	7,181,602	-	-	-	11,512,013
Employee benefits	-	5,728,822	2,263,232	5,049,714	5,314,322	-	-	-	18,356,090
Books and supplies	343,447	790,503	270,297	581,765	10,945,934	-	-	-	12,931,946
Contract services and operating expenditures	-	2,053,989	869,540	135,960	372,292	216,156	-	14,523	3,662,460
Capital outlay	-	57,868	-	-	2,700,909	5,980,150	-	-	8,738,927
Debt service:									
Principal retirement	-	-	-	-	-	2,695,000	-	-	2,695,000
Interest	-	-	-	-	-	-	-	2,770,334	2,770,334
Total expenditures	343,447	17,624,682	6,671,264	12,334,901	26,515,059	8,891,306	-	2,784,857	75,165,516
(Deficiency) excess of revenues (under) over expenditures	(207,940)	4,337,738	(86,982)	276,574	4,082,125	(588,840)	1,919,710	(914,584)	8,817,801
Other financing sources (uses):									
Transfers in	-	245,201	596,835	549,131	39,818	-	-	-	1,430,985
Transfers out	-	(2,176,691)	(62,003)	(427,951)	(514,568)	-	(1,919,292)	-	(5,100,505)
Total other financing sources (uses)	-	(1,931,490)	534,832	121,180	(474,750)	-	(1,919,292)	-	(3,669,520)
Net change in fund balances	(207,940)	2,406,248	447,850	397,754	3,607,375	(588,840)	418		

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2021

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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 adult education centers, two special education centers and forty-two children's centers and preschools, serving infants through age 12. fifteen charter schools also operated in the District serving kindergarten through grade twelve, five of which were governed by the District Board of Education.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Christina Pritchett	President	December 2024
Lisa Murawski	Vice President	December 2022
Darrel Woo	Second Vice President	December 2022
Leticia Garcia	Member	December 2022
Jamee Villa	Member	December 2024
Chinua Rhodes	Member	December 2024
Lavana Phillips	Member	December 2024
Isa Sheikh*	Student Member	June 202

ADMINISTRATION

Jorge A. Aguilar  
Superintendent

Lisa Allen  
Deputy Superintendent

Vacant\*\*  
Chief Communications Officer

Vacant\*\*\*  
Chief Continuous Improvement and Accountability Officer

Bob Lyons\*\*\*\*  
Chief Information Officer

Cancy McArn  
Chief Human Resources Officer

Rose F. Ramos  
Chief Financial Officer

Christine Baeta  
Chief Academic Officer

\* Jacqueline Zhang voted into office as the new student member in June 2021 for the 2021-22 fiscal year.

\*\* Vincent Harris resigned August 25, 2021.

\*\*\* Tara Gallegos resigned September 17, 2021.

\*\*\*\* Bob Lyons hired March 17, 2021.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL TIME  
 For the Year Ended June 30, 2021

<u>Grade Level</u>	Number of Days <u>Traditional Calendar</u>	<u>Status</u>
<u>District</u>		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance
<u>Bowling Green Charter School - Classroom Based</u>		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
<u>George Washington Carver School of Arts and Science - Classroom Based</u>		
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance
<u>New Joseph Bonnheim Charter School - Classroom Based</u>		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
<u>New Technology High School - Classroom Based</u>		
Grade 9	175	In Compliance
Grade 10	175	In Compliance
Grade 11	175	In Compliance
Grade 12	175	In Compliance

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

Assistance Listing 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	IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611	13379	\$ 7,842,010
84.027	IDEA: Private School ISP	13379	21,129
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	232,536
84.027A	IDEA: Mental Health Services, Part B, Sec 611	14468	477,100
84.173A	Alternative Dispute Resolution, Part B, Sec 611	13007	<u>40,279</u>
	Subtotal Special Education Cluster		<u>8,613,054</u>
	Adult Education Program:		
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	134,915
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	8,800
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	<u>13,408</u>
	Subtotal Adult Education Program		<u>157,123</u>
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131 (Vocational Education)	14894	<u>654,464</u>
	Title I Program:		
84.010	ESEA (ESSA): Title I, Part Basic Grants Low-Income and Neglected	14329	17,500,525
84.010	ESEA: School Improvement Funding for LEAs	15438	<u>1,298,082</u>
	Subtotal Title I Program		<u>18,798,607</u>
	Title III Program:		
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	599,984
84.365	ESEA (ESSA): Title III,		

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the Year Ended June 30, 2021

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<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	\$ 202,066

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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
 For the Year Ended June 30, 2021

<u>Assistance Listing Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.559	Child Nutrition: Summer Food Service Program Operations	13004	\$ 15,267,105
10.558	Child Nutrition: Child Care Food Program	13666	<u>11,618,960</u>
	Total U.S. Department of Agriculture		<u>26,886,065</u>
<u>U.S. Department of Defense</u>			
12.357	ROTC	*	<u>282,505</u>
<u>U.S. Department of Labor</u>			
	Workforce Innovation and Opportunity Act Cluster:		
17.259	Workforce Investment Act, Youth Activities	*	<u>185,200</u>
<u>U.S. Department of Treasury - Passed through California Department of Education</u>			
21.019	COVID-19: Coronavirus Relief Funds (CRF): Learning Loss Mitigation	25516	<u>35,369,192</u>
	Total Federal Programs		<u>\$ 142,152,427</u>

\* District is unable to provide PCA numbers.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the Year Ended June 30, 2021  
(UNAUDITED)

	(Budget) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 562,885,556	\$ 629,933,392	\$ 557,546,896	\$ 555,039,158
Expenditures	591,276,905	591,568,014	532,129,368	553,491,115
Other uses and transfers out	<u>266,000</u>	<u>5,507,272</u>	<u>2,698,262</u>	<u>1,719,449</u>
Total outgo	<u>591,542,905</u>	<u>597,075,286</u>	<u>534,827,630</u>	<u>555,210,564</u>
Change in fund balance	\$ <u>(28,657,349)</u>	\$ <u>32,858,106</u>	\$ <u>22,719,266</u>	\$ <u>(171,406)</u>
Ending fund balance	\$ <u>97,249,368</u>	\$ <u>125,906,717</u>	\$ <u>93,048,611</u>	\$ <u>70,329,345</u>
Available reserves	\$ <u>34,831,550</u>	\$ <u>45,401,679</u>	\$ <u>84,052,645</u>	\$ <u>52,751,482</u>
Designated for economic uncertainties	\$ <u>11,727,858</u>	\$ <u>11,907,405</u>	\$ <u>10,624,585</u>	\$ <u>52,751,482</u>
Undesignated fund balance	\$ <u>23,103,692</u>	\$ <u>33,494,274</u>	\$ <u>73,428,060</u>	\$ <u>-</u>
Available reserves as percentages of total outgo	<u>5.9%</u>	<u>7.6%</u>	<u>15.7%</u>	<u>9.5%</u>
All Funds				

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF CHARTER SCHOOLS  
 For the Year Ended June 30, 2021

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Charter No.	<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
0598	Aspire Capitol Heights Academy	Separate Report
0018	Bowling Green Charter Elementary	Included as Charter Schools Fund
0775	California Montessori Project Capitol Campus	Separate Report
1273	Capitol Collegiate Academy	Separate Report
0588	George Washington Carver School of Arts and Science	Included as Charter Schools Fund
1848	Growth Public Schools	Separate Report
0640	Language Academy of Sacramento	Separate Report
0586	The Met Sacramento High School	Included as Charter Schools Fund
1690	New Joseph Bonnheim (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

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See accompanying notes to supplementary information.





SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION



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(Continued)

The District did not offer an Early Retirement Inc

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(Continued)

## Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2021.

### Other Matter

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

### Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's 2020-21 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  
January 27, 2022



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

Board of Education  
Sacramento City Unified School District  
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District as of and for the year ended June 30, 2021, 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 January 27, 2022.

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 a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2021-001.

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(Continued)

## Compliance and Other Matters

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

Sacramento City Unified School District's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings and Questioned Costs. Sacramento City Unified School District's



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

Board of Education  
Sacramento City Unified School District  
Sacramento, California

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

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that could have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2021.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

### Opinion on First 5 Sacramento County Program

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2021.

### Purpose of this Report

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

Crowe LLP

Sacramento, California  
January 27, 2022

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(Continued)



Report on Internal Control Over Compliance

Management of Sacramento City Unified School Distri



## FINDINGS AND RECOMMENDATIONS



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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SECTION II - FINANCIAL STATEMENT FINDINGS

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

Criteria:

Sound accounting policies and proper segregation of duties require an internal control system be in place to ensure each transaction is complete, accurate and reviewed by a knowledgeable person prior to processing.

Condition:

Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. This is a repeat finding of 2020-00 .

Effect:

There exists opportunity for error or fraud to be committed related to financial reporting.

Cause:

The design of controls within the journal entry process does not mitigate the potential for fraud or error in financial reporting.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Action:

The District currently uses a manual process for the segregation of duties to mitigate the same individual preparing and posting their own journal entries into the financial system. The District will implement stronger internal controls by using the financial system to add an additional level of review and approval.

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(Continued)



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year Ended June 30, 2021

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2020-001

Condition: Cash in County Treasury reconciliations were not being prepared, reviewed and approved on a monthly basis throughout the fiscal year.

Recommendation: We recommend that the District prepare, review and approved Cash in County Treasury reconciliations on a monthly basis.

Current Status: Implemented.

2020-002

Condition: Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. This is a repeat finding of 2019-001.

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

Current Status: Not implemented. See current year finding 2021-001.

2020-003

Condition: 8 of the 16 comprehensive school safety plans inspected were reviewed and approved after March 1, 2021.

Recommendation: The District should ensure the school safety plans are prepared and reviewed by the March 1<sup>st</sup> reporting date.

Current Status: Implemented.