

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento, California

FINANCIAL STATEMENTS
June 30, 2014

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet - to the Statement of Net Position	16
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds - to the Statement of Activities	18
Statement of Fund Net Position - Proprietary Fund - Self-Insurance Fund	20
Statement of Change in Net Position Proprietary Fund - Self-Insurance Fund	21
Statement of Cash Flows - Proprietary Fund - Self-Insurance Fund	22
Statement of Fiduciary Net Position - Trust and Agency Funds	23
Statement of Change in Fiduciary Net Position - Trust Funds	24
Notes to Financial Statements	25
Required Supplementary Information:	
General Fund Budgetary Comparison Schedule	52
Schedule of Other Postemployment Benefits (OPEB) Funding Progress	53
Notes to Required Supplementary Information	54

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2014

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Supplementary Information:	
Combining Balance Sheet - All Non-Major Funds	55
Combining Statement of Revenues, Expenditures and Change in Fund Balances - All Non-Major Funds	56
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	57
Organization	62
Schedule of Average Daily Attendance	63
Schedule of Instructional Time	64
Schedule of Expenditure of Federal Awards	65
Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements	68
Schedule of Financial Trends and Analysis - Unaudited	69
Schedule of Charter Schools	70
Schedule of First 5 Revenues and Expenses	71
Notes to Supplementary Information	72
Independent Auditor's Report on Compliance with State Laws and Regulations	74
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 <i>Government Auditing Standards</i>	77
Independent Auditor's Report on Compliance with the First 5 Sacramento County Program	79
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	80
Findings and Recommendations:	
Schedule of Audit Findings and Questioned Costs	82
Status of Prior Year Findings and Recommendations	114

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, 2014, 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 Sacramento City Unified School District, as of June 30, 2014, 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.

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 3 to 12 and the General Fund Budgetary Comparison Schedule and Schedule of Other Postemployment Benefits (OPEB) Funding Progress on pages 52 and 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sacramento City Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014 on our consideration of Sacramento City Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sacramento City Unified School District's internal control over financial reporting and compliance.


Crowe Horwath LLP

Management's Discussion and Analysis

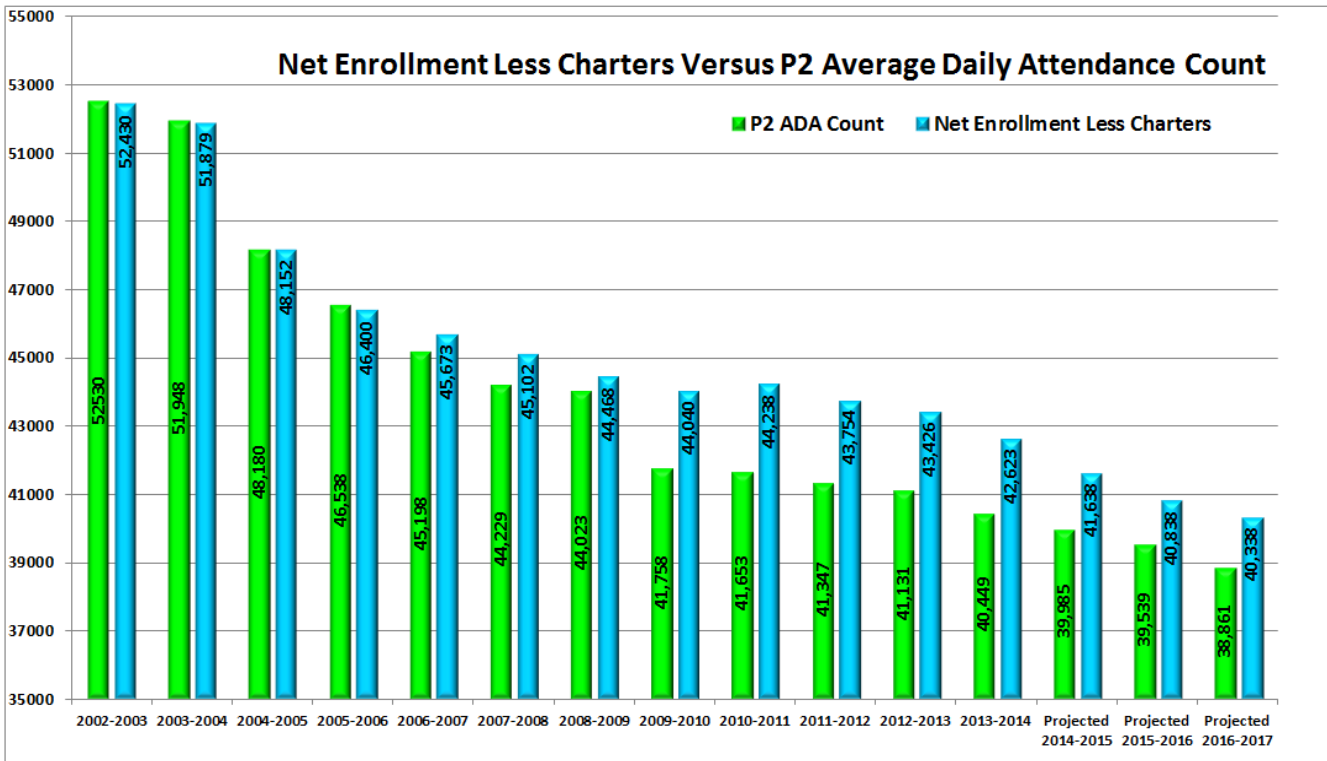
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by 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 twelfth largest school district in California in terms of student enrollment. The District provides educational services to the residents in and around Sacramento, the state capital. The District operates under the jurisdiction of the Superintendent of Schools of Sacramento County, although the District has attained "fiscal accountability" status under the State Education Code.

For FY 2013-14, the District operated 40 elementary schools, eight K-8 schools, seven middle schools, one 7-12 school, seven comprehensive high schools (9-12), five alternative education centers, two special education centers, two adult education centers and 13 charter schools (including both dependent and independent) and 44 children's centers/preschools serving infants through age 12.

The chart below graphically presents the District's declining enrollment trend after the impact of charter schools is taken into account. The District continues to decline in student enrollment, although the trend suggests the decrease is not as great as in prior years.



Also shown on this chart is the Average Daily Attendance (ADA). The District is funded based on ADA, which is tracked on a daily basis with staff following up on areas of concern. The District averages approximately 96% ADA to enrollment which is high for an urban district.

Overview of the Financial Statements

This annual report consists of three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information. The financial statements include two kinds of statements that present different views of the Sacramento City Unified School District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, and report the District's operations in more detail than the district wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The remainder of the management's discussion and analysis highlights the structure and contents of each of the statements.

The district-wide statements report information about the District as a whole. The statement of net position includes all of the District's assets and liabilities. All of the current years revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's assets and liabilities as a measure of the District's financial position.

In the district-wide financial statements the District's activities are divided into two categories:

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

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds. Funds are accounting devices the District uses to keep track of 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 (like repaying its long-term debts) or to show that it is properly using certain revenues (like Bonds).

Fund Financial Statements (Continued)

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be 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. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund-- the self-insurance fund, which includes Workers' Compensation and Dental/Vision fund.
- Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the retiree benefits fund, the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

Governance

The District is governed by a Board of Education consisting of seven members and one student member. The regular members are elected to staggered four-year terms every two years. As a result of the passage of two ballot measures at the November 7, 2006 election, Board member elections starting with the November 4, 2008 election, are no longer held district-wide, but instead are held among voters who reside in each of seven newly created trustee areas.

Mission and Strategic Plan

The District's Mission:

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

The District's *Strategic Plan 2010-14: Putting Children First*

- **Career and College Ready Students:** When children graduate from our schools, they will leave us as globally competitive, lifelong learners, prepared for college or a 21st Century career path of their choosing.
- **Family and Community Engagement:** Families are our most important allies, and we will develop opportunities for them to participate in their children's education. We will remake our campuses into welcoming, vibrant community hubs and seek out community partners who can provide broad learning opportunities for students.
- **Organizational Transformation:** Our structure will transform to better serve our school sites, provide acute focus on teaching and learning and create a culture of continuous improvement. We will recruit, train, retain and compensate a highly capable and diverse workforce. We will hold ourselves accountable for results.

Financial Reports

The audit report consists of a series of financial reports. The Statement of Net Position and Statement of Activities report the district-wide financial condition and activities of the District taken as a whole. These two financial statements start on page 13. The individual fund statements, which focus on reporting the District's operations in more detail, begin on page 15.

District-wide Financial Condition

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Fiscal year 2001-02 was the first year the District accounted for the value of fixed assets and included these values as part of financial statements. We display the book value of all district assets including buildings, land and equipment and related depreciation in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many of our school sites have low values for even today's market because the district acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation.

District-wide Financial Condition (Continued)

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

	June 30, 2014	June 30, 2013
Capital Assets	\$ 486,259,118	\$ 480,069,298
Other Assets	\$ 211,765,497	\$ 182,435,692
Total Assets	\$ 698,024,615	\$ 662,504,990
Deferred Outflows of Resources	\$ 9,193,644	\$ 2,531,398
Current and Other Liabilities	\$ 66,633,717	\$ 93,540,123
Long-Term Liabilities	\$ 661,146,173	\$ 576,149,370
Total Liabilities	\$ 727,779,890	\$ 669,689,493
Net Investment in Capital Assets (net of related debt)	\$ 71,543,543	\$ 71,849,640
Restricted Net Position	\$ 69,418,324	\$ 69,174,140
Unrestricted Net Position	\$ -161,523,478	\$ -145,676,885
Total Net Position	\$ -20,561,611	\$ -4,653,105

At the end of fiscal year 2013-14, the District had a total value of \$927,546,712 in capital assets. Capital assets include land, buildings, building improvements, equipment and work in progress. Total accumulated depreciation amounted to \$441,287,594. The net capital assets amounted to \$486,259,118 an increase of \$6,189,820 from prior year. This is a result of capital projects being completed through Measures Q and R General Obligation Bonds.

Other assets include cash, receivables, investments, due from (to) other funds, stores inventory and pre-paid expenses. An increase in other assets of \$29,329,805 can be attributed to the decrease of State deferrals of general fund revenues and an increase in cash with fiscal agent for the building fund. The cash account for the building fund is used to fund the district's capital asset improvements (i.e. Measure I, Q and R General Obligations Bonds).

The District ended the year with a total of \$661,146,173 in outstanding financing obligations. The increase in long-term debt of \$84,996,803 is mainly attributed to the refunding of 2002 General Obligation Bond Series 2005 and increase of OPEB liability.

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, 2014	June 30, 2013
Expenses		
Governmental Activities:		
Instruction	\$ 315,943,694	\$ 302,585,632
Instruction-Related Services	\$ 62,029,858	\$ 59,905,182
Pupil Services	\$ 56,194,744	\$ 55,290,037
General Administration	\$ 20,050,493	\$ 19,810,826
Plant Services	\$ 48,008,987	\$ 38,844,029
Interest on Long-Term Debt	\$ 16,514,783	\$ 14,465,951
All Other Expenses and Outgo	\$ 6,801,754	\$ 2,276,553
Total Governmental Activity	\$ 525,544,313	\$ 493,178,210
Expenses		
Revenues		
Charges For Services	\$ 2,042,632	\$ 2,244,135
Operating Grants and Contributions	\$140,232,385	\$ 149,202,095
Capital Grants and Contributions	\$ -	\$ 4,172,693
Taxes Levied for General Purposes	\$ 66,323,770	\$ 58,440,209
Taxes Levied for Debt and Special Purposes	\$ 36,725,954	\$ 28,617,686
Unrestricted Federal and State Aid	\$246,667,624	\$ 221,276,156
Interest and Investment Earnings	\$ 168,123	\$ 332,540
Interagency Revenues	\$ 3,656,193	\$ 2,163,353
Special and Extraordinary Items	\$ 4,678,634	\$ -
Miscellaneous	\$ 9,140,492	\$ 5,621,231
Total Revenues	\$509,635,807	\$ 472,070,098
Change in Net Position	\$ -15,908,506	\$ -21,108,112

The District, as a whole, experienced a change in net position by -\$15,908,506. Revenues increased by \$37,565,709 which is primarily attributable to the increase in temporary taxes due to Proposition 30 and also for taxes levied for debt service. This amount also includes an increase in unrestricted state aid due to the change in calculating school district revenue, i.e., Local Control Funding Formula (LCFF). Expenditures increased by \$32,366,103 which is primarily due to the completion of capital projects which are primarily instructional related.

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 take into account 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, 2014:

	Adopted Budget	Year End Budget	Actual
Total Revenues	\$ 381,121,214	\$412,611,858	\$405,815,157
Total Expenditures	\$ 386,663,943	\$402,708,846	\$386,209,029
Total Other Sources/(Uses)	\$ 3,259,932	\$ 546,412	\$ 2,478,967

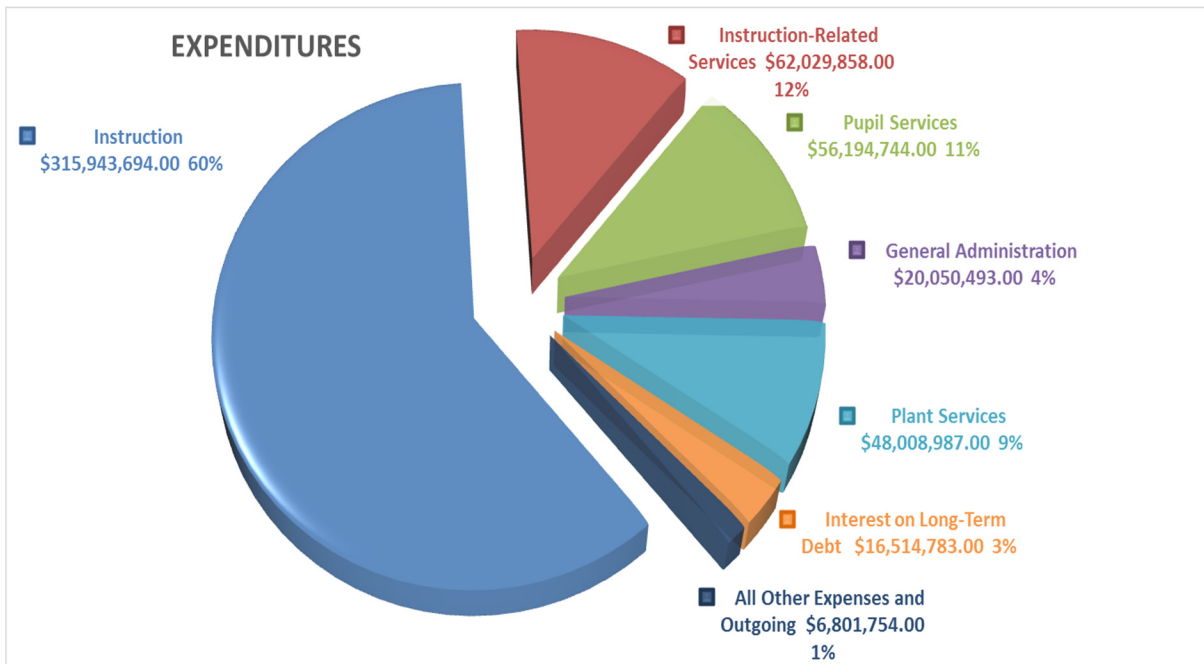
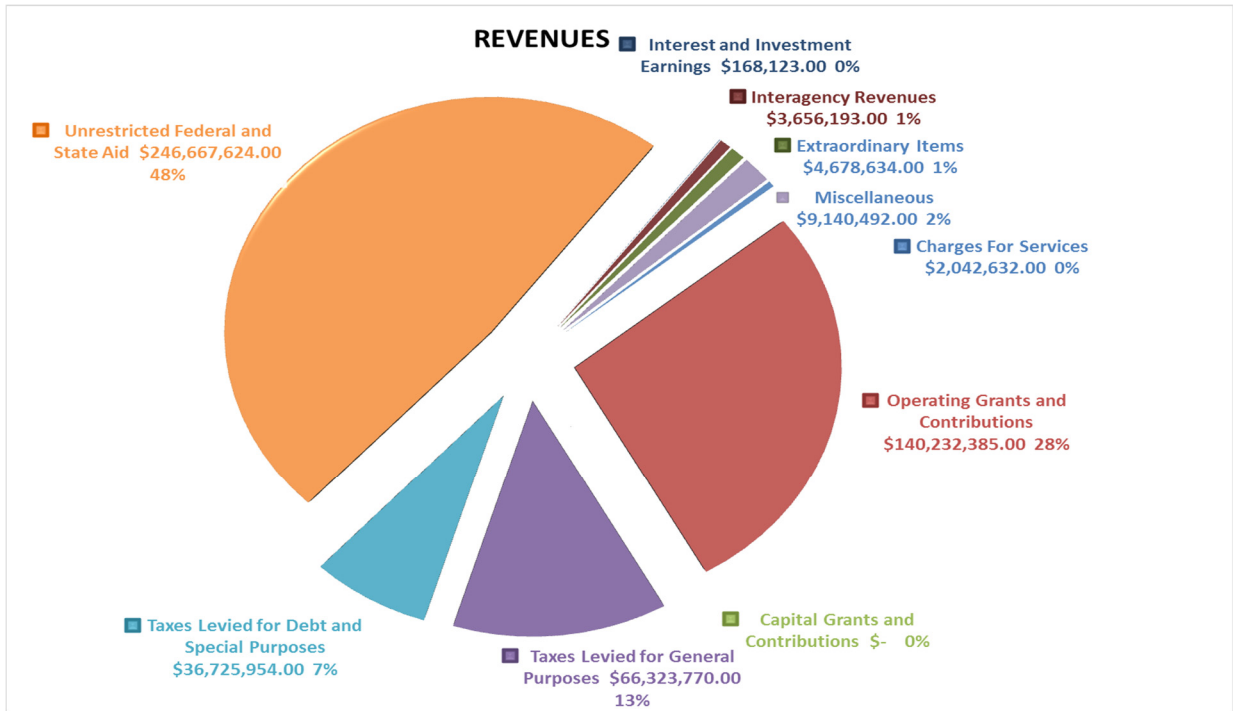
The net revenue increase between Adopted and Year End budget was \$31,490,643 due to current year budgets for categorical funds, which are budgeted as grant award documents are received. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated mid-year. In addition, the Adopted Budget did not include LCFF. The Year End budget includes the passage of LCFF.

The net increase to the total expenditure budget between Adopted and Year End budget was \$16,044,903 due to revisions to set up expenditures related to categorical program funds which are budgeted after July 1 as grant award documents are received and school site plans are approved and the passage of LCFF.

Actual revenues were \$6,796,701 or 1.6%, below Year End budget due primarily to unspent and unearned categorical revenue. Actual expenditures were \$16,499,817, or 4%, below Year End budget due to timing of grants received late part in the year, lower than expected health benefit increase, and unspent categorical revenue and unspent school site program funds.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2014:

Total Revenue	\$ 405,815,157
Total Expenditures	\$ 386,209,029
Other Financing Sources & Uses	\$ 2,478,967
Net Change	\$ 22,085,095



The percentage of Revenues increased by 2% for Unrestricted Federal and State Aid and Taxes Levied for General Purposes compared to FY 2012-13 mainly because of LCFF. The percentage of expenditures is almost the same for FY 2013-14 compared to FY 2012-13.

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 we have begun the planning and design of facility improvements to enhance the learning environment.

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, 2014

<u>Measure Q</u>	<u>\$ 28,818,608</u>
• Debt Service Expenditures	\$ 492,936
• Program Management Expenditures	\$ 329,291
• Completed Project Expenditures:	
▪ Resource and Energy Conservation Improvements	\$ 712,548
▪ Core Academic Renovation, Modernization, Repair & Upgrades	\$ 5,766,723
▪ Technology Upgrades	\$ 9,258,996
• In Progress Project Expenditures:	
▪ Resource and Energy Conservation Improvements	\$ 277,740
▪ Core Academic Renovation, Modernization, Repair & Upgrades	\$ 2,416,101
▪ Technology Upgrades	\$ 9,564,273
 <u>Measure R</u>	 <u>\$ 7,259,498</u>
• Debt Service Expenditures	\$ 341,070
• Program Management Expenditures	\$ 195,438
• Completed Project Expenditures:	
▪ Core Academic Renovation, Modernization, Repair & Upgrades	\$ 43,800
• In Progress Project Expenditures:	
▪ Athletics: Fields, Gyms, Locker Rooms	\$ 5,366,664
▪ Core Academic Renovation, Modernization, Repair & Upgrades	\$ 1,309,026
▪ Nutrition Services Center	\$ 3,500

Summary of Future Projects as of June 30, 2014

<u>Project Year(s)</u>	<u>Project</u>	<u>Estimated Budget</u>
<u>Measure Q</u>		<u>\$ 191,565,000</u>
2015-2017	Resource and Energy Conservation Improvements	\$ 1,750,000
2015-2017	Core Academic Renovation, Modernization, Repair & Upgrades	\$ 63,575,000
2015-2017	Technology Upgrades	\$ 7,515,000
2017-2019	Resource and Energy Conservation Improvements	\$ 1,000,000
2017-2019	Core Academic Renovation, Modernization, Repair & Upgrades	\$ 70,930,000
2019-2021	Core Academic Renovation, Modernization, Repair & Upgrades	\$ 46,795,000
<u>Measure R</u>		<u>\$ 28,335,000</u>
2015-2017	Core Academic Renovation, Modernization, Repair & Upgrades	\$ 2,640,000
2015-2019	Nutrition Services Center	\$ 25,695,000

District Indebtedness

As of June 30, 2014, the District has incurred \$661,146,173 of long-term liabilities. Of this amount, \$335,130,000 is General Obligation Bonds and \$35,422,068 Capital Appreciation Bonds backed by property tax increases voted on by district residents in 1999 and 2002, and \$74,285,000 Lease Revenue Bonds, backed by Developer Fees and General Fund.

Financial Issues

Since the beginning of the "Great Recession", revenues for schools districts within the State, from what has been known as the "Revenue Limit Calculation", have been significantly below the 2008-2009 funding level. Funding for the 2013-2014 fiscal year was the exception. It was slightly higher than 2008-09 when the district incurred about 20% reduction. With the passage of the Local Control Funding Formula (LCFF) and Proposition 30, the prospects for increased State funding are dramatically improved.

Funding is however only part of the equation. Declining enrollment, increased operating expenses and uncertain future state resources are the key issues facing the Sacramento City Unified School District. The development of future budgets will be influenced by external variables such as the State Budget and enrollment changes. Internal factors of compensation and number of employees must be commensurate with the number of students. Sacramento City Unified School District must be vigilant in monitoring all expenditures to avoid fiscal distress.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 130,387,803
Receivables	80,826,578
Prepaid expenses	32,129
Stores inventory	518,987
Non-depreciable capital assets (Note 4)	37,012,248
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>449,246,870</u>
Total assets	<u>698,024,615</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of debt	<u>9,193,664</u>
LIABILITIES	
Accounts payable	36,393,523
Unpaid claims and claim adjustment expenses (Note 5)	1,785,450
Deferred compensation (Note 2)	
Tax Revenue Anticipation Note (TRAN) (Note 6)	26,000,000
Unearned revenue	2,454,744
Long-term liabilities (Note 7):	
Due within one year	53,302,176
Due after one year	<u>607,843,997</u>
Total liabilities	<u>727,779,890</u>
NET POSITION	
Net investment in capital assets	71,543,543
Restricted (Note 8)	69,418,324
Unrestricted	<u>(161,523,478)</u>
Total net position	<u>\$ (20,561,611)</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 315,943,694	\$ 555,564	\$ 73,196,417	\$ -	\$ (242,191,713)
Instruction-related services:					
Supervision and administration	27,049,059	364,651	20,083,157	-	(6,601,251)
Library, media and technology	2,620,875	-	462,477	-	(2,158,398)
School site administration	32,359,924	6,341	2,001,576	-	(30,352,007)
Pupil services:					
Home-to-school transportation	12,531,165	-	354,618	-	(12,176,547)
Food services	19,668,613	831,898	21,135,202	-	2,298,487
All other pupil services	23,994,966	138,545	18,058,862	-	(5,797,559)
General administration:					
Centralized data processing	2,637,826	29,384	90,467	-	(2,517,975)
All other general administration	17,412,667	59,119	3,184,825	-	(14,168,723)
Plant service	48,008,987	53,653	1,323,040	-	(46,632,294)
Ancillary services	1,864,457	3,305	161,689	-	(1,699,463)
Community services	522,233	-	164,021	-	(358,212)
Enterprise activities	(1,679)	-	-	-	1,679
Other outgo	4,416,743	172	16,034	-	(4,400,537)
Interest on long-term liabilities	16,514,783	-	-	-	(16,514,783)
Total governmental activities	<u>\$ 525,544,313</u>	<u>\$ 2,042,632</u>	<u>\$ 140,232,385</u>	<u>\$ -</u>	<u>(383,269,296)</u>
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					66,323,770
Taxes levied for debt service					33,011,677
Taxes levied for other specific purposes					3,714,277
Federal and state aid not restricted to specific purposes					246,667,624
Interest and investment earnings					168,123
Interagency revenues					3,656,193
Special and extraordinary items					4,678,634
Miscellaneous					9,140,492
Total general revenues					<u>367,360,790</u>
Change in net position					(15,908,506)
Net position, July 1, 2013					<u>(4,653,105)</u>
Net position, June 30, 2014					<u>\$ (20,561,611)</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest and Redemption Funds</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 16,350,865	\$ 39,210,853	\$ 32,849,480	\$ 21,859,970	\$ 110,271,168
Cash on hand and in banks	404,609	-	-	2,078,603	2,483,212
Cash in revolving fund	225,000	-	-	2,000	227,000
Cash with Fiscal Agent	-	12,652,741	-	-	12,652,741
Local Agency Investment Fund (LAIF)	-	906,418	-	-	906,418
Receivables	69,947,333	50,134	19,542	8,632,531	78,649,540
Due from other funds	1,004,606	93,125	-	3,814,025	4,911,756
Prepaid expenditures	31,329	-	-	800	32,129
Stores inventory	<u>127,301</u>	<u>-</u>	<u>-</u>	<u>391,686</u>	<u>518,987</u>
Total assets	<u>\$ 88,091,043</u>	<u>\$ 52,913,271</u>	<u>\$ 32,869,022</u>	<u>\$ 36,779,615</u>	<u>\$ 210,652,951</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 14,459,023	\$ 4,807,523	\$ 11,993,821	\$ 2,316,581	\$ 33,576,948
TRAN payable	26,000,000	-	-	-	26,000,000
Unearned revenue	2,343,216	-	-	111,528	2,454,744
Due to other funds	<u>3,794,364</u>	<u>107,698</u>	<u>-</u>	<u>1,009,694</u>	<u>4,911,756</u>
Total liabilities	<u>46,596,603</u>	<u>4,915,221</u>	<u>11,993,821</u>	<u>3,437,803</u>	<u>66,943,448</u>
Fund balances:					
Nonspendable	383,630	-	-	394,486	778,116
Restricted	11,059,172	47,998,050	20,875,201	32,947,326	112,879,749
Assigned	12,174,843	-	-	-	12,174,843
Unassigned	<u>17,876,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,876,795</u>
Total fund balances	<u>41,494,440</u>	<u>47,998,050</u>	<u>20,875,201</u>	<u>33,341,812</u>	<u>143,709,503</u>
Total liabilities and fund balances	<u>\$ 88,091,043</u>	<u>\$ 52,913,271</u>	<u>\$ 32,869,022</u>	<u>\$ 36,779,615</u>	<u>\$ 210,652,951</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -
TO THE STATEMENT OF NET POSITION**

June 30, 2014

Total fund balances - Governmental Funds		\$ 143,709,503
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$927,546,712 and the accumulated depreciation is \$441,287,594 (Note 4).		
	486,259,118	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2014 consisted of (Note 7):		
General Obligation Bonds	\$ (361,207,966)	
Premium on issuance	(27,009,611)	
Capital Appreciation Bonds	(9,344,102)	
Lease Revenue Bonds	(74,285,000)	
Capitalized lease obligations	(60,610)	
Net OPEB liability (Note 10)	(181,523,823)	
Compensated absences	<u>(7,715,061)</u>	
		(661,146,173)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position of the Self-Insurance Fund is:		
		4,142,139
In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred:		
		(2,719,862)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.		
		<u>9,193,664</u>
Total net position - governmental activities		<u><u>\$ (20,561,611)</u></u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES**

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

	<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:					
State apportionment	\$ 233,388,541	\$ -	\$ -	\$ 11,501,668	\$ 244,890,209
Local sources	<u>59,351,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,351,680</u>
Total local control funding formula	<u>292,740,221</u>	<u>-</u>	<u>-</u>	<u>11,501,668</u>	<u>304,241,889</u>
Federal sources	47,934,358	-	-	34,587,309	82,521,667
Other state sources	52,891,179	-	425,293	7,441,688	60,758,160
Other local sources	<u>12,249,399</u>	<u>50,346</u>	<u>32,642,282</u>	<u>12,493,432</u>	<u>57,435,459</u>
Total revenues	<u>405,815,157</u>	<u>50,346</u>	<u>33,067,575</u>	<u>66,024,097</u>	<u>504,957,175</u>
Expenditures:					
Certificated salaries	159,772,198	-	-	13,880,215	173,652,413
Classified salaries	49,708,213	898,612	-	12,214,621	62,821,446
Employee benefits	106,058,973	218,090	-	14,915,365	121,192,428
Books and supplies	12,645,150	8,436,743	-	10,627,158	31,709,051
Contract services and operating expenditures	55,459,661	3,093,736	-	4,509,966	63,063,363
Capital outlay	331,829	28,694,243	-	3,697,770	32,723,842
Other outgo	235,930	-	2,712	-	238,642
Debt service:					
Principal retirement	1,515,530	-	11,155,000	595,000	13,265,530
Interest	<u>481,545</u>	<u>2,657</u>	<u>14,682,497</u>	<u>2,421,362</u>	<u>17,588,061</u>
Total expenditures	<u>386,209,029</u>	<u>41,344,081</u>	<u>25,840,209</u>	<u>62,861,457</u>	<u>516,254,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,606,128</u>	<u>(41,293,735)</u>	<u>7,227,366</u>	<u>3,162,640</u>	<u>(11,297,601)</u>
Other financing sources (uses):					
Transfers in	3,550,271	-	-	4,732,343	8,282,614
Transfers out	(1,071,304)	-	-	(7,211,310)	(8,282,614)
Proceeds from the sale of bonds	-	188,820,000	-	-	188,820,000
Refunding of debt	-	(124,780,000)	-	-	(124,780,000)
Premium from issuance of debt	-	7,928,665	-	-	7,928,665
Interest paid on refunded debt	<u>-</u>	<u>(3,206,758)</u>	<u>-</u>	<u>-</u>	<u>(3,206,758)</u>
Total other financing sources (uses)	<u>2,478,967</u>	<u>68,761,907</u>	<u>-</u>	<u>(2,478,967)</u>	<u>68,761,907</u>
Change in fund balances	22,085,095	27,468,172	7,227,366	683,673	57,464,306
Fund balances, July 1, 2013	<u>19,409,345</u>	<u>20,529,878</u>	<u>13,647,835</u>	<u>32,658,139</u>	<u>86,245,197</u>
Fund balances, June 30, 2014	<u>\$ 41,494,440</u>	<u>\$ 47,998,050</u>	<u>\$ 20,875,201</u>	<u>\$ 33,341,812</u>	<u>\$ 143,709,503</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2014

Net change in fund balances - Total Governmental Funds	\$ 57,464,306
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	32,795,877
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(26,606,057)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 7).	13,265,530
In governmental funds, proceeds from debt are recognized as other financing sources. In the statement of net position, proceeds from debt are reported as increases to liabilities (Note 7).	(188,820,000)
Repayment of principal on long-term liabilities through refunding of debt is other financing uses in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 7).	124,780,000
Accreted interest is an expense that is not reported in the governmental funds (Note 7).	(1,598,058)
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. The premiums added in the current year due to new debt issuance activity is \$7,928,665, the current year annual amortization is \$1,390,379, and the premium removed due to the defeased debt is \$2,725,843 (Note 7).	(3,812,443)
In governmental funds, deferred inflows and deferred outflows of resources are not recognized. In the government-wide statements, deferred inflows and deferred outflows of resources are amortized over the life of the debt. The deferred outflow added in the current year due to new debt refunding activity is \$7,144,260 and the current year annual amortization is \$481,994.	6,662,266
In governmental funds, interest on long-term liabilities is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred.	(2,171,896)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost recovery basis. The change in net position for the Self-Insurance Fund was:	943,801

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, 2014

In the statement of activities, expenses related to PARS 403(b), net OPEB liability and 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 7 and 10).

(28,811,832)

Change in net position of governmental activities

\$ (15,908,506)

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND

June 30, 2014

ASSETS

Current assets

Cash and investments:

Cash in County Treasury	\$ 3,597,081
Cash with Fiscal Agent	250,000
Cash on hand and in banks	183
Receivables	<u>2,177,038</u>

Total current assets	<u>6,024,302</u>
----------------------	------------------

LIABILITIES

Current liabilities:

Accounts payable	96,713
Unpaid claims and claim adjustment expenses	<u>1,785,450</u>

Total current liabilities	<u>1,882,163</u>
---------------------------	------------------

NET POSITION

Restricted	<u><u>\$ 4,142,139</u></u>
------------	----------------------------

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**STATEMENT OF CHANGES IN
NET POSITION - PROPRIETARY FUND**

SELF-INSURANCE FUND

For the Year Ended June 30, 2014

Operating revenues:	
Self-insurance premiums	\$ 13,587,709
Other local revenue	<u>388</u>
Total operating revenue	<u>13,588,097</u>
Operating expenses:	
Classified salaries	229,856
Employee benefits	120,243
Books and supplies	5,606
Contract services	<u>12,290,901</u>
Total operating expenses	<u>12,646,606</u>
Operating income	941,491
Non-operating income:	
Interest income	<u>2,310</u>
Change in net position	943,801
Total net position, July 1, 2013	<u>3,198,338</u>
Total net position, June 30, 2014	<u><u>\$ 4,142,139</u></u>

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, 2014

Cash flows used in operating activities:	
Cash received from self-insurance premiums	\$ 11,738,376
Cash paid for employee benefits	(12,410,468)
Cash paid for other expenses	<u>(351,700)</u>
Net cash used in operating activities	(1,023,792)
Cash flows provided by investing activities:	
Interest income received	<u>2,310</u>
Change in cash and investments	(1,021,482)
Cash and investments, July 1, 2013	<u>4,868,746</u>
Cash and investments, June 30, 2014	<u><u>\$ 3,847,264</u></u>
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ <u>941,491</u>
Adjustments to reconcile operating income to net cash used in operating activities:	
Increase in:	
Receivables	(1,849,721)
(Decrease) increase in:	
Unpaid claims and claim adjustment expenses	(120,100)
Accounts payable	4,671
Due to other funds	<u>(133)</u>
Total adjustments	<u>(1,965,283)</u>
Net cash used in operating activities	<u><u>\$ (1,023,792)</u></u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

TRUST AND AGENCY FUNDS

June 30, 2014

	Trust Funds		Agency Fund
	Retiree Benefits Trust	Scholar- ship Trust	Student Body Funds
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	\$ 13,722,635	\$ -	\$ -
Cash on hand and in banks	-	203,188	1,401,932
Cash with fiscal agent	400,000	-	-
Investments	5,222,563	-	-
Receivables:			
Premiums receivable	4,448,511	-	-
Interest receivable	6,804	-	-
Stores inventory	-	-	4,541
Other assets	-	-	9,470
	<u>23,800,513</u>	<u>203,188</u>	<u>1,415,943</u>
LIABILITIES			
Accounts payable	275,292	-	29,642
Due to student groups	-	-	1,386,301
	<u>275,292</u>	<u>-</u>	<u>1,415,943</u>
NET POSITION			
Restricted (Note 8)	-	203,188	-
Held in trust for retiree benefits (Note 8)	23,525,221	-	-
	<u>23,525,221</u>	<u>203,188</u>	<u>-</u>
Total net position	<u>\$ 23,525,221</u>	<u>\$ 203,188</u>	<u>\$ -</u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUNDS

For the Year Ended June 30, 2014

	Retiree Benefits <u>Trust</u>	Scholarship <u>Trust</u>
Additions:		
In-district premiums/contributions	\$ 22,950,974	\$ -
Interest income	729,971	-
Other local sources	<u>14,758</u>	<u>72,328</u>
Total additions	<u>23,695,703</u>	<u>72,328</u>
Deductions:		
Contract services and operating expenditures	-	67,800
Benefits paid for members	<u>18,146,191</u>	<u>-</u>
Total deductions	<u>18,146,191</u>	<u>67,800</u>
Change in net position	5,549,512	4,528
Net position, July 1, 2013	<u>17,975,709</u>	<u>198,660</u>
Net position, June 30, 2014	<u><u>\$ 23,525,221</u></u>	<u><u>\$ 203,188</u></u>

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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 as a component unit of the District. Therefore, the financial activities of the Corporation and the Authority have been included in the basic financial statements of the District as a blended component unit.

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

A - Manifestations of Oversight

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

B - Accounting for Fiscal Matters

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

B - Accounting for Fiscal Matters (Continued)

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

C - Scope of Public Service and Financial Presentation

1. The Corporation and the Authority were created for the sole purpose of financially assisting the District.
2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Authority was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to the California Government Code, commencing with Section 6500. The Corporation and the Authority were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation and Authority facilities. When the Corporation's Certificates of Participation and 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. Certificates of Participation issued by the Corporation and Lease Revenue Bonds issued by the Authority are included in the government-wide financial statements.

Basis of Presentation - Government-Wide Financial Statements

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

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

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

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting

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

A - Major Funds:

1. General Fund:

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

2. Building Fund:

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

3. Bond Interest and Redemption Fund:

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

B - Other Funds:

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

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

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This classification includes the South Pocket Facilities and Tax Override Funds.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Other Funds: (Continued)

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

The Retiree Benefits Trust Fund is a Trust Fund used to account for assets held by the District as Trustee.

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

Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds.

Basis of Accounting

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

Accrual

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

Modified Accrual

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

Budgets and Budgetary Accounting

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables are made up principally of amounts due from the State of California for Local Control Funding Formula funding and Categorical programs. The District has determined that no allowance for doubtful accounts was required as of June 30, 2014.

Stores Inventory

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

Capital Assets

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District only has one item that qualified for reporting in this category, which is the deferred loss on refunding reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Amortization for the year ended June 30, 2014 totaled \$481,994.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District does not have any item of this type.

Compensated Absences

Compensated absences totaling \$7,715,061 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

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

Net Investment in Capital Assets

Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by outstanding related debt and adjusted for unspent cash resulting from debt issuance and deferred outflows/inflows resulting from refunding debt instruments.

Restricted Net Position

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for unspent categorical program revenues and state programs represent programs where the revenue received is restricted for expenditures only in that particular program. The restriction for special revenues represents the portion of net position restricted for special purposes. The restriction for debt service repayments represents the portion of net position which the District plans to expend on debt repayment in the ensuing year. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for self-insurance represents the portion of net position restricted for paying insurance premiums. The restriction for retiree benefits represents the portion of net position which will be used for payment of health insurance premiums for current and future retirees. The restriction for scholarships represents the portion of net position to be used to provide financial assistance to students of the District. It is the District's policy to first use restricted net position when allowable expenditures are incurred.

Fund Balance Classifications

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

A - Nonspendable Fund Balance:

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

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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications (Continued)

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, 2014, 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, 2014, 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, 2014, 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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

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

Eliminations and Reclassifications

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

Estimates

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

New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 66, Technical Corrections – 2013, an amendment of GASB Statements No. 10 and No. 61. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 64, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, Districts should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. This statement was adopted for the District's fiscal year ended June 30, 2014, with no material impact in the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans. This Statement replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This statement was adopted for the District's fiscal year ended June 30, 2014, with no material impact in the District.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the District's fiscal year ending June 30, 2015. Management has not determined what impact this GASB statement will have on its financial statements, however it is expected to be significant.

In November 2013 GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68 and are effective for the District's fiscal year ending June 30, 2015. Management has not determined what impact this GASB statement will have on its financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2014 are reported at fair value and consisted of the following:

	Governmental Activities			Fiduciary Activities
	Governmental Funds	Proprietary Fund	Total	
Pooled Funds:				
Cash in County Treasury	<u>\$110,271,168</u>	<u>\$ 3,597,081</u>	<u>\$113,868,249</u>	<u>\$ 13,722,635</u>
Deposits:				
Cash on hand and in banks	2,483,212	183	2,483,395	1,605,120
Cash in revolving fund	<u>227,000</u>	<u>-</u>	<u>227,000</u>	<u>-</u>
Total deposits	<u>2,710,212</u>	<u>183</u>	<u>2,710,395</u>	<u>1,605,120</u>
Investments:				
Cash with Fiscal Agent	12,652,741	250,000	12,902,741	400,000
Investments	-	-	-	5,222,563
Local Agency Investment Fund	<u>906,418</u>	<u>-</u>	<u>906,418</u>	<u>-</u>
Total investments	<u>13,559,159</u>	<u>250,000</u>	<u>13,809,159</u>	<u>5,622,563</u>
Total cash and investments	<u>\$126,540,539</u>	<u>\$ 3,847,264</u>	<u>\$130,387,803</u>	<u>\$ 20,950,318</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sacramento County Treasury. The County pools these funds with those of school districts in the County and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited monthly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pooled investment fund does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Sacramento County Treasurer may invest in derivative securities. However, at June 30, 2014, the Sacramento County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk - Deposits

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, 2014, the carrying amount of the District's accounts was \$4,315,515 and the bank balance was \$4,033,653. \$1,368,521 of the bank balance was FDIC insured and \$2,665,132 remained uninsured.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

Investments

The Cash with Fiscal Agent in the Building Fund and South Pocket Facilities Fund represents debt proceeds that have been set aside for capital asset expenditures and the repayment of long-term liabilities. These amounts are held by a third party custodian in the District's name.

The Cash with Fiscal Agent in the Self-Insurance Fund represents cash segregated for the future payment of self-insured benefits. These amounts are held by a third party custodian in the District's name.

The Investment in the Retiree Benefits Trust Fund represents cash segregated for the future payment of other postemployment benefits. These amounts are held in the California Public Employees Retirement System (CalPERS) CERBT Strategy 2 investment portfolio, which is pooled with other agencies, therefore there are no significant credit risks related to the investments held. The investments held by the portfolio is in accordance with Sections 53601 and 53602 of the California Government code.

Sacramento City Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

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, 2014, 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, 2014, the District had no concentration of credit risk.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. INTERFUND TRANSACTIONS

Interfund Activity

Transactions between funds of the District are recorded as interfund 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, 2014 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 1,004,606	\$ 3,794,364
Building	93,125	107,698
Non-Major Funds:		
Charter Schools	2,389,117	245,508
Adult Education	457,617	31,823
Child Development	23,230	635,759
Cafeteria	505,748	58,354
Developer Fees	438,313	341
Capital Projects for Blended Component Unit	-	37,909
Totals	\$ 4,911,756	\$ 4,911,756

Interfund Transfers

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

Interfund transfers for the 2013-2014 fiscal year were as follows:

Transfer from the General Fund to the Charter School Fund for covering uncollectible past debt from G. Washington Carver Charter School.	\$ 844,280
Transfer from the General Fund to the Charter Fund for civic permit fees.	4,480
Transfer from the General Fund to the Adult Education Fund for a visiting educator's salary and benefits.	187,054
Transfer from the General Fund to the Adult Education Fund for preschool class expenditures.	34,874
Transfer from the General Fund to the Cafeteria Fund for donations for nutrition services.	616
Transfer from the Charter Schools Fund to the General Fund for charter school fees and indirect support.	1,269,360
Transfer from the Adult Education Fund to the General Fund for balancing General Fund budget as approved by the board.	841,000
Transfer from the Adult Education Fund to the General Fund for indirect costs.	34,063
Transfer from the Child Development Fund to the General Fund for indirect costs.	612,333

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers (Continued)

Transfer from the Cafeteria Fund to the General Fund for indirect costs.	\$ 663,649
Transfer from the Deferred Maintenance Fund to the General Fund for general purposes.	75,610
Transfer from the Community Facilities Fund to the Deferred Maintenance Fund for standard deferred maintenance costs at Martin Luther King Junior High School, Lisbon Elementary School and Matsuyama Elementary School.	555,960
Transfer from the Community Facilities Fund to the General Fund for replacement of ADA wheelchair ramp system at Lisbon and Martin Luther King Junior High School.	54,256
Transfer from the South Pocket Facilities Fund to the Community Facilities Fund for property tax transfers.	<u>3,105,079</u>
	<u><u>\$ 8,282,614</u></u>

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2014 is shown below:

	Balance July 1, <u>2013</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2014</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 19,873,250	\$ -	\$ -	\$ 19,873,250
Work-in-process	3,619,922	16,890,801	(3,371,725)	17,138,998
Depreciable:				
Buildings	715,242,195	7,822,111	3,331,814	726,396,120
Site improvements	122,494,714	574,764	39,911	123,109,389
Equipment	<u>33,520,754</u>	<u>7,508,201</u>	<u>-</u>	<u>41,028,955</u>
Totals, at cost	<u>894,750,835</u>	<u>32,795,877</u>	<u>-</u>	<u>927,546,712</u>
Less accumulated depreciation:				
Buildings	(324,054,886)	(18,499,328)	-	(342,554,214)
Site improvements	(62,192,525)	(5,230,022)	-	(67,422,547)
Equipment	<u>(28,434,126)</u>	<u>(2,876,707)</u>	<u>-</u>	<u>(31,310,833)</u>
Total accumulated depreciation	<u>(414,681,537)</u>	<u>(26,606,057)</u>	<u>-</u>	<u>(441,287,594)</u>
Capital assets, net	<u>\$ 480,069,298</u>	<u>\$ 6,189,820</u>	<u>\$ -</u>	<u>\$ 486,259,118</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 24,252,930
Food services	210,521
All other pupil services	463,915
All other general administration	1,307,547
Plant services	160,930
Community services	<u>210,214</u>
Total depreciation expense	<u><u>\$ 26,606,057</u></u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

5. SELF-INSURANCE CLAIMS

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

The liability for unpaid claims and claim adjustment expenses represents the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. These claims will be paid in future years.

District management recomputes the liability annually using available updated claims data. Annually, the District obtains an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The liability for workers compensation is based on an actuarial study dated April 8, 2013.

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

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 1,905,550	\$ 2,153,061
Total incurred claims and claim adjustment expenses	12,290,368	12,878,192
Total payments	<u>(12,410,468)</u>	<u>(13,125,703)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 1,785,450</u>	<u>\$ 1,905,550</u>

6. TAX AND REVENUE ANTICIPATION NOTE

On May 22, 2014, the District issued \$26,000,000 of Tax and Revenue Anticipation Note (TRAN) maturing on September 30, 2014, with an interest rate of 1%, to provide for anticipated cash flow deficits from operations. The TRAN is a general obligation of the District and is payable from revenues and cash receipts generated by the District during the fiscal year ended June 30, 2014. As of June 30, 2014, the District is fully utilizing the cash from the TRAN and has recorded a liability of \$26,000,000 in the basic financial statements. The TRAN was paid off subsequent to June 30, 2014.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. LONG-TERM LIABILITIES

General Obligation Bonds

Series 2005:

On July 1, 2005, the District issued 2002 General Obligation Bonds, Series 2005, totaling \$80,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 3.0% to 5.0% and are scheduled to mature through 2031 as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,770,000	\$ 3,510,250	\$ 5,280,250
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020-2024	-	-	-
2025-2029	6,620,000	7,497,375	14,117,375
2030-2031	<u>14,965,000</u>	<u>763,125</u>	<u>15,728,125</u>
	<u>\$ 23,355,000</u>	<u>\$ 11,770,750</u>	<u>\$ 35,125,750</u>

Series 2007:

On November 14, 2007, the District issued 2002 General Obligation Bonds, Series 2007, totaling \$64,997,966. The bonds were issued as current interest bonds and capital appreciation bonds totaling \$38,920,000 and \$26,077,966, respectively. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento.

The current interest bonds bear interest at rates ranging from 3.5% to 5.0% and are scheduled to mature through 2023 as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,880,000	\$ 482,903	\$ 2,362,903
2016	2,095,000	918,806	3,013,806
2017	2,285,000	819,431	3,104,431
2018	2,520,000	709,931	3,229,931
2019	2,695,000	599,256	3,294,256
2020-2023	<u>9,940,000</u>	<u>1,170,616</u>	<u>11,110,616</u>
	<u>\$ 21,415,000</u>	<u>\$ 4,700,943</u>	<u>\$ 26,115,943</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2007: (Continued)

The capital appreciation bonds bear interest at rates ranging from 4.55% to 4.75% and are scheduled to mature through 2033 as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,507,074	\$ 2,557,926	\$ 5,065,000
2025-2029	12,407,999	16,857,001	29,265,000
2030-2033	<u>11,162,893</u>	<u>22,002,107</u>	<u>33,165,000</u>
	<u>\$ 26,077,966</u>	<u>\$ 41,417,034</u>	<u>\$ 67,495,000</u>

Series 2011 Refunding:

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. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 0.45% to 5.5% and are scheduled to mature through 2030 as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 3,965,000	\$ 1,656,888	\$ 5,621,888
2016	4,160,000	3,214,651	7,374,651
2017	4,255,000	3,067,326	7,322,326
2018	4,460,000	2,912,751	7,372,751
2019	4,680,000	2,696,626	7,376,626
2020-2024	26,985,000	9,976,130	36,961,130
2025-2029	19,865,000	3,160,580	23,025,580
2030	<u>-</u>	<u>37,538</u>	<u>37,538</u>
	<u>\$ 68,370,000</u>	<u>\$ 26,722,490</u>	<u>\$ 95,092,490</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2012 Refunding:

On June 14, 2012, the District issued 2012 General Obligation Refunding Bonds totaling \$113,245,000. Bond proceeds were used to advance refund all of the District's 1999 Series B, 1999 Series C, General Obligation Refunding Bonds, Series 2001, and the 2002 Series A. Proceeds were also used to advance refund a portion of the District's 1999 Series D Bonds. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 2.0% to 5.25% and are scheduled to mature through 2031 as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,280,000	\$ 2,436,230	\$ 6,716,230
2016	4,645,000	4,786,862	9,431,862
2017	5,170,000	4,608,363	9,778,363
2018	5,600,000	4,412,063	10,012,063
2019	6,280,000	4,196,663	10,476,663
2020-2024	29,055,000	16,604,100	45,659,100
2025-2029	35,865,000	9,910,819	45,775,819
2030-2031	<u>16,730,000</u>	<u>1,899,550</u>	<u>18,629,550</u>
	<u>\$ 107,625,000</u>	<u>\$ 48,854,650</u>	<u>\$ 156,479,650</u>

2013 General Obligation Bonds, Series A and Series B:

On July 16, 2013, the District issued 2013 General Obligation Bonds, Series A and 2013 General Obligation Bonds, Series B, totaling \$30,000,000 and \$40,000,000, respectively. The Bond proceeds are intended for the purposes of the two bond measures passed by voters on November 6, 2012, Measure Q and Measure R. Repayment of the bonds will be made from property taxes levied by the County of Sacramento.

\$42,900,000 of the combined bond proceeds are allocated to Measure Q for the upgrading of classrooms, science labs, computer systems and technology, renovating heating and ventilation systems, reducing costs through energy efficiency, improving students safety and security systems, repairing roofs, floors, walkways, bathrooms, electrical, plumbing and sewer systems. The remaining \$27,100,000 of the combined bond proceeds are allocated to Measure R to improve the health and safety of children, repair playgrounds and playfields to meet modern safety standards, improve physical education facilities and bathrooms, improve irrigation systems and water drainage to reduce water consumption, remove asbestos, lead paint and other unsafe conditions and to upgrade kitchen facilities to improve nutrition and nutritional education for children.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

2013 General Obligation Bonds, Series A and Series B: (Continued)

The 2013 General Obligation Bonds, Series A bonds bear interest at rates ranging from 2.0% to 5.0% and are scheduled to mature through 2038 as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,410,000	\$ 1,108,638	\$ 8,518,638
2016	9,500,000	807,488	10,307,488
2017	350,000	613,988	963,988
2018	355,000	605,163	960,163
2019	370,000	594,288	964,288
2020-2024	2,035,000	2,763,288	4,798,288
2025-2029	2,530,000	2,246,594	4,776,594
2030-2034	3,260,000	1,492,963	4,752,963
2035-2038	<u>4,190,000</u>	<u>540,396</u>	<u>4,730,396</u>
	<u>\$ 30,000,000</u>	<u>\$ 10,772,806</u>	<u>\$ 40,772,806</u>

The 2013 General Obligation Bonds, Series B bonds bear an interest rate of 5.65% and are scheduled to mature in 2038 as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 2,260,000	\$ 2,260,000
2016	-	2,260,000	2,260,000
2017	-	2,260,000	2,260,000
2018	-	2,260,000	2,260,000
2019	-	2,260,000	2,260,000
2020-2024	-	11,300,000	11,300,000
2025-2029	-	11,300,000	11,300,000
2030-2034	-	11,300,000	11,300,000
2035-2038	<u>40,000,000</u>	<u>9,981,667</u>	<u>49,981,667</u>
	<u>\$ 40,000,000</u>	<u>\$ 55,181,667</u>	<u>\$ 95,181,667</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

7. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2014 Refunding:

On January 15, 2014, the District issued 2014 General Obligation Refunding Bonds totaling \$44,535,000. Bond proceeds were used to refund a portion of the District's 2002 General Obligation Bonds, Series 2005. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 2.0% to 5.0% and are scheduled to mature through July 2027 as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 1,036,600	\$ 1,036,600
2016	1,980,000	2,073,200	4,053,200
2017	2,200,000	2,043,500	4,243,500
2018	2,455,000	1,969,800	4,424,800
2019	2,725,000	1,876,700	4,601,700
2020-2024	18,765,000	7,188,500	25,953,500
2025-2028	<u>16,240,000</u>	<u>1,983,850</u>	<u>18,223,850</u>
	<u>\$ 44,365,000</u>	<u>\$ 18,172,150</u>	<u>\$ 62,537,150</u>

Although the issuance of the 2014 General Obligation Refunding Bonds resulted in the recognition of an accounting loss of \$6,053,440 for the year ended June 30, 2014, the District in effect reduced its aggregate debt service payments by \$3.6 million over the next fourteen years, and obtained an economic gain of \$2.9 million.

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

Old debt service cash flows	\$ 67,145,250
New debt service cash flows	<u>63,578,168</u>
Cash flow difference	<u>\$ 3,567,082</u>
Present value of old debt service cash flows	\$ 52,875,845
Present value of new debt service cash flows	<u>49,995,049</u>
Economic gain	<u>\$ 2,880,796</u>

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.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

Lease Revenue Bonds (Continued)

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 June 30,	Principal	Interest	Total
2015	\$ 1,705,000	\$ 2,266,100	\$ 3,971,100
2016	1,995,000	2,073,900	4,068,900
2017	2,065,000	2,014,050	4,079,050
2018	2,155,000	1,931,450	4,086,450
2019	2,245,000	1,845,250	4,090,250
2020-2024	13,175,000	7,415,750	20,590,750
2025-2029	3,260,000	4,731,000	7,991,000
2030-2034	2,240,000	4,556,250	6,796,250
2035-2039	12,985,000	2,760,750	15,745,750
2040	<u>3,000,000</u>	<u>150,000</u>	<u>3,150,000</u>
	<u>\$ 44,825,000</u>	<u>\$ 29,744,500</u>	<u>\$ 74,569,500</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 June 30,	Principal	Interest	Total
2015	\$ 200,000	\$ 1,295,283	\$ 1,495,283
2016	200,000	1,196,734	1,396,734
2017	200,000	1,188,554	1,388,554
2018	200,000	1,180,374	1,380,374
2019	200,000	1,172,194	1,372,194
2020-2024	1,000,000	5,738,270	6,738,270
2025-2029	14,810,000	4,729,676	19,539,676
2030-2033	<u>12,650,000</u>	<u>1,131,723</u>	<u>13,781,723</u>
	<u>\$ 29,460,000</u>	<u>\$ 17,632,808</u>	<u>\$ 47,092,808</u>

Although the issuance of the 2014 Lease Revenue Refunding Bonds resulted in the recognition of an accounting loss of \$1,090,820 for the year ended June 30, 2014, the District in effect reduced its aggregate debt service payments by \$13.6 million over the next twenty-six years, and obtained an economic gain of \$1.2 million.

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

Old debt service cash flows	\$ 135,246,269
New debt service cash flows	<u>121,662,288</u>
Cash flow difference	<u>\$ 13,583,981</u>
Present value of old debt service cash flows	\$ 77,955,010
Present value of new debt service cash flows	<u>76,737,916</u>
Economic gain	<u>\$ 1,217,094</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

7. LONG-TERM LIABILITIES (Continued)

Capitalized Lease Obligations

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

Year Ending <u>June 30,</u>	Lease <u>Payments</u>
2015	\$ 47,121
2016	<u>17,441</u>
Total payments	64,562
Less amount representing interest	<u>(3,952)</u>
Net minimum lease payments	<u><u>\$ 60,610</u></u>

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2014 is shown below:

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
Governmental activities:					
Special Tax Bonds	\$ 595,000	\$ -	\$ 595,000	\$ -	\$ -
General Obligation Bonds	303,907,966	114,535,000	57,235,000	361,207,966	19,305,000
Capital Appreciation	7,746,044	1,598,058	-	9,344,102	-
Lease Revenue Bonds	-	74,285,000	-	74,285,000	1,905,000
Premium on issuance	23,197,168	7,928,665	4,116,222	27,009,611	1,671,093
Certificates of Participation	80,160,000	-	80,160,000	-	-
Capitalized lease obligations	116,140	-	55,530	60,610	44,021
PARS 403(b)	1,042,493	-	1,042,493	-	-
Net OPEB liability (Note 10)	151,760,155	49,074,045	19,310,377	181,523,823	22,662,001
Compensated absences	<u>7,624,404</u>	<u>90,657</u>	<u>-</u>	<u>7,715,061</u>	<u>7,715,061</u>
	<u>\$ 576,149,370</u>	<u>\$ 247,511,425</u>	<u>\$ 162,514,622</u>	<u>\$ 661,146,173</u>	<u>\$ 53,302,176</u>

Payments on the Special Tax Bonds are made from the South Pocket Facilities Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Principal and interest payments on the Certificates of Participation are made from the General Fund, Building Fund and Developer Fees Fund. Payments on the capitalized lease obligations and PARS 403(b) are made from the General Fund. Payments on net OPEB liability and compensated absences are made from the fund for which the related employee worked as well as the Retiree Benefit Fund.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

8. NET POSITION / FUND BALANCES

Restricted net position consisted of the following at June 30, 2014:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Restricted for unspent categorical program revenues and state programs	\$ 11,059,172	\$ -
Restricted for special revenues	15,535,712	-
Restricted for capital projects	17,641,339	-
Restricted for debt service	21,039,962	-
Restricted for self insurance	4,142,139	-
Restricted for retiree benefits	-	23,525,221
Restricted for scholarships	-	203,188
	<u> </u>	<u> </u>
Total restricted net position	<u>\$ 69,418,324</u>	<u>\$ 23,728,409</u>

Fund balances, by category, at June 30, 2014 consisted of the following:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Bond Interest Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
Nonspendable:					
Revolving cash fund	\$ 225,000	\$ -	-	\$ 2,000	\$ 227,000
Prepaid expenditures	31,329	-	-	800	32,129
Stores inventory	<u>127,301</u>	<u>-</u>	<u>-</u>	<u>391,686</u>	<u>518,987</u>
Subtotal nonspendable	<u>383,630</u>	<u>-</u>	<u>-</u>	<u>394,486</u>	<u>778,116</u>
Restricted:					
Special revenues	-	-	-	15,141,226	15,141,226
Capital projects	-	47,998,050	-	17,641,339	65,639,389
Debt service	-	-	20,875,201	164,761	21,039,962
Unspent categorical revenues	<u>11,059,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,059,172</u>
Subtotal restricted	<u>11,059,172</u>	<u>47,998,050</u>	<u>20,875,201</u>	<u>32,947,326</u>	<u>112,879,749</u>
Assigned:					
Class size reduction	3,500,000	-	-	-	3,500,000
Dedicated amount towards OPEB	3,000,000	-	-	-	3,000,000
Flexibility	1,823,157	-	-	-	1,823,157
Replace outdated equipment	1,000,000	-	-	-	1,000,000
Donations	902,466	-	-	-	902,466
Technology updates	500,000	-	-	-	500,000
Regional Occupational Program	329,687	-	-	-	329,687
Lottery	135,508	-	-	-	135,508
Other assignments	<u>984,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>984,025</u>
Subtotal assigned	<u>12,174,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,174,843</u>
Unassigned:					
Designated for economic uncertainty	13,976,133	-	-	-	13,976,133
Unassigned	<u>3,900,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,900,662</u>
Total unassigned	<u>17,876,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,876,795</u>
Total fund balances	<u>\$ 41,494,440</u>	<u>\$ 47,998,050</u>	<u>20,875,201</u>	<u>\$ 33,341,812</u>	<u>\$143,709,503</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

9. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS), and certificated employees are members of the State Teachers' Retirement System (STRS).

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2012, 2013 and 2014 were \$6,640,921, \$6,381,013 and \$6,471,351, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2013-2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2012, 2013 and 2014 were \$14,823,475, \$14,075,308 and \$14,021,893, respectively, and equal 100% of the required contributions for each year. On June 24, 2014 the Governor signed Assembly Bill 1469 which will increase the member contribution to 19.1% over the next seven years.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

Sacramento City Unified School District's Retired Employees Healthcare Plan (REHP), is a single-employer defined benefit healthcare plan administered by the Sacramento City Unified School District. REHP provides medical insurance benefits to eligible retirees. Benefits are a negotiated component of each bargaining unit agreement. Currently, eligible retirees receive health care benefits that are paid 100% by the District. District teachers qualify for these benefits after attaining age 55 with at least five years of consecutive service to the District, age 50 with 30 years of service (if a member prior to January 1, 2013), or approved disability retirement with 5 years of service. CalPERS employees qualify for benefits after attaining age 50 (age 52, if a new CalPERS member on or after January 1, 2013) with 5 years of State or public agency service or approved disability and meeting the requirements outlined in their respective bargaining agreements.

Funding Policy

The contribution requirements of the District are established and may be amended by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements, with an amount to fund the actuarial accrued liability as determined annually by the Board. For fiscal year ended June 30, 2014, the District contributed \$19.3 million to the plan.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 50,025,431
Interest on net OPEB obligation	6,330,556
Adjustment to annual required contribution	<u>(7,281,942)</u>
Annual OPEB cost (expense)	<u>49,074,045</u>
Benefit payments made	(18,565,752)
Discretionary contribution made	<u>(744,625)</u>
Total payments	<u>(19,310,377)</u>
Increase in net OPEB obligation	29,763,668
Net OPEB obligation - beginning of year	<u>151,760,155</u>
Net OPEB obligation - end of year	<u><u>\$ 181,523,823</u></u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
(Continued)

10. OTHER POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 and preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 45,781,527	50.1%	\$ 133,983,455
June 30, 2013	\$ 46,785,275	62.0%	\$ 151,760,155
June 30, 2014	\$ 49,074,045	39.3%	\$ 181,523,823

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$615.2 million, and the actuarial value of assets was \$3.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$611.4 million. For fiscal year ending June 30, 2014, the covered payroll (annual payroll of active employees covered by the plan) was \$218.4 million, and the ratio of the UAAL to the covered payroll was 280 percent. The OPEB plan is currently operated as a pay-as-you-go plan and contributions toward prefunding began during the fiscal year ended June 30, 2013. The District signed an irrevocable trust agreement on October 18, 2012 and began accumulating funds in a Trust Fund, presented as the Retiree Benefits Trust Fund.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.75 percent initially, reduced by decrements to an ultimate rate of 4.64 percent after twelve years and a discount rate of 4.39 percent. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2014, was 30 years.

See required supplementary information following the notes to the basic financial statements, which presents multi-year trend information on whether assets are increasing or decreasing over time relative to the plan liabilities.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

11. JOINT POWERS AGREEMENTS

Schools Insurance Authority

The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The joint powers agency is to be self-sustaining through member premiums. SIA enters into insurance agreements for coverage above self-insured retention layers, whereby it cedes various amounts of risk to other insurance companies or joint power authorities. SIA's Property, Liability and Workers' Compensation Programs provide self-insured retention of \$100,000, \$750,000 and \$1,000,000 per incident, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The following is a summary of financial information for SIA at June 30, 2014:

Total assets	\$ 113,740,483
Total liabilities	\$ 48,361,972
Total net position	\$ 65,378,511
Total revenues	\$ 42,185,204
Total expenses	\$ 39,216,888
Change in net position	\$ 2,968,316

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

Self-Insured Schools of California

The District is a member with other school districts of a Joint Powers Authority, Self-Insured Schools of California (SISC). SISC provides a means of combining the administration of claims and obtains lower insurance rates for the benefit of public schools, colleges or other educational agencies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The following is a summary of financial information for SISC at September 30, 2013:

Total assets	\$ 307,006,834
Total liabilities	\$ 139,744,058
Total net position	\$ 167,262,776
Total revenues	\$ 1,395,304,821
Total expenses	\$ 1,386,741,291
Change in net position	\$ 8,563,530

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

12. CONTINGENCIES

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

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

At June 30, 2014 the District had approximately \$ 11,300,000 in outstanding construction contract commitments.

13. FINANCIAL RESPONSIBILITY

For the 2014-15 fiscal year, Sacramento City Unified School District expects no mid-year reductions due to the passage of Local Control Funding Formula. Additionally, the District is presenting the First Interim Report for 2014-15 as positive. Negotiations are settled with all bargaining units for FY 2014-15 and FY 2015-16. The District will maintain a balanced budget. It is anticipated that some budget reductions may be necessary for 2015-16 fiscal year due to end of one-time funds. However, as in previous years, the District will take the necessary steps to ensure a balanced budget for the current fiscal year as well as future years. Despite the fluctuations at the State level with funding, the District continues to monitor and will budget for the current and future years to ensure financial stability.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
LCFF:				
State apportionment	\$ 173,194,286	\$ 229,199,995	\$ 233,388,541	\$ 4,188,546
Local sources	<u>50,163,455</u>	<u>59,266,576</u>	<u>59,351,680</u>	<u>85,104</u>
Total LCFF	<u>223,357,741</u>	<u>288,466,571</u>	<u>292,740,221</u>	<u>4,273,650</u>
Federal sources	43,413,836	51,382,387	47,934,358	(3,448,029)
Other state sources	112,872,978	56,640,792	52,891,179	(3,749,613)
Other local sources	<u>1,476,660</u>	<u>11,010,474</u>	<u>12,249,399</u>	<u>1,238,925</u>
Total revenues	<u>381,121,215</u>	<u>407,500,224</u>	<u>405,815,157</u>	<u>(1,685,067)</u>
Expenditures:				
Certificated salaries	164,744,257	161,633,721	159,772,198	1,861,523
Classified salaries	48,498,232	50,894,159	49,708,213	1,185,946
Employee benefits	107,848,056	116,479,254	106,058,973	10,420,281
Books and supplies	14,496,788	13,680,128	12,645,150	1,034,978
Contract services and operating expenditures	48,701,733	57,518,795	55,459,661	2,059,134
Capital outlay	249,877	325,650	331,829	(6,179)
Other outgo	-	-	235,930	(235,930)
Debt service:				
Principal retirement	1,395,000	1,442,936	1,515,530	(72,594)
Interest	<u>730,000</u>	<u>734,203</u>	<u>481,545</u>	<u>252,658</u>
Total expenditures	<u>386,663,943</u>	<u>402,708,846</u>	<u>386,209,029</u>	<u>16,499,817</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(5,542,728)</u>	<u>4,791,378</u>	<u>19,606,128</u>	<u>14,814,750</u>
Other financing sources (uses):				
Transfers in	3,259,932	6,820,770	3,550,271	(3,270,499)
Transfers out	<u>-</u>	<u>(1,162,724)</u>	<u>(1,071,304)</u>	<u>91,420</u>
Total other financing sources (uses)	<u>3,259,932</u>	<u>5,658,046</u>	<u>2,478,967</u>	<u>(3,179,079)</u>
Change in fund balance	(2,282,796)	10,449,424	22,085,095	11,635,671
Fund balance, July 1, 2013	<u>19,409,345</u>	<u>19,409,345</u>	<u>19,409,345</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 17,126,549</u>	<u>\$ 29,858,769</u>	<u>\$ 41,494,440</u>	<u>\$ 11,635,671</u>

See accompanying notes to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2014

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 1, 2010	\$ -	\$566,291,438	\$566,291,438	0%	\$227,500,000	248.9%
December 1, 2012	\$ -	\$632,679,806	\$632,679,806	0%	\$217,700,000	290.6%
July 1, 2013	\$ 3,760,628	\$615,169,050	\$611,408,422	0%	\$218,400,000	279.9%

See accompanying notes to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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.

Excess of expenditures over appropriations for the year ended June 30, 2014 were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Capital outlay	\$ 6,179

These excesses are not in accordance with education Code 42600.

B - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Other Postemployment Benefits Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2014

	<u>Charter Schools Fund</u>	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Developer Fees Fund</u>	<u>Community Facilities Fund</u>	<u>South Pocket Facilities Fund</u>	<u>Tax Override Fund</u>	<u>Total</u>
ASSETS										
Cash in County Treasury	\$ (556,207)	\$ (2,270,316)	\$ (371,487)	\$ 6,809,103	\$ 456,469	\$ 3,010,117	\$ 14,618,534	\$ -	\$ 163,757	\$ 21,859,970
Cash on hand and in banks	1,816	1,357,869	317,627	211,813	-	189,478	-	-	-	2,078,603
Cash in revolving account	-	-	-	2,000	-	-	-	-	-	2,000
Receivables	1,700,022	1,399,807	1,877,270	3,620,424	77	20,717	13,210	1,004	-	8,632,531
Due from other funds	2,389,117	457,617	23,230	505,748	-	438,313	-	-	-	3,814,025
Stores inventory	-	-	-	391,686	-	-	-	-	-	391,686
Prepaid expenditures	-	-	800	-	-	-	-	-	-	800
Total assets	\$ 3,534,748	\$ 944,977	\$ 1,847,440	\$ 11,540,774	\$ 456,546	\$ 3,658,625	\$ 14,631,744	\$ 1,004	\$ 163,757	\$ 36,779,615
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 180,308	\$ 339,131	\$ 753,691	\$ 320,654	\$ 112,017	\$ 203,710	\$ 407,070	\$ -	\$ -	\$ 2,316,581
Unearned revenue	30,364	2,210	78,954	-	-	-	-	-	-	111,528
Due to other funds	<u>245,508</u>	<u>31,823</u>	<u>635,759</u>	<u>58,354</u>	<u>-</u>	<u>341</u>	<u>37,909</u>	<u>-</u>	<u>-</u>	<u>1,009,694</u>
Total liabilities	456,180	373,164	1,468,404	379,008	112,017	204,051	444,979	-	-	3,437,803
Fund balances:										
Nonspendable	-	-	800	393,686	-	-	-	-	-	394,486
Restricted	<u>3,078,568</u>	<u>571,813</u>	<u>378,236</u>	<u>10,768,080</u>	<u>344,529</u>	<u>3,454,574</u>	<u>14,186,765</u>	<u>1,004</u>	<u>163,757</u>	<u>32,947,326</u>
Total fund balances	3,078,568	571,813	379,036	11,161,766	344,529	3,454,574	14,186,765	1,004	163,757	33,341,812
Total liabilities and fund balances	\$ 3,534,748	\$ 944,977	\$ 1,847,440	\$ 11,540,774	\$ 456,546	\$ 3,658,625	\$ 14,631,744	\$ 1,004	\$ 163,757	\$ 36,779,615

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, 2014

	<u>Charter Schools Fund</u>	<u>Adult Education Fund</u>	<u>Child Development Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Developer Fees Fund</u>	<u>Community Facilities Fund</u>	<u>South Pocket Facilities Fund</u>	<u>Tax Override Fund</u>	<u>Total</u>
Revenues:										
Local Control Funding Formula	\$ 11,501,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,501,668
Federal sources	172,654	3,411,107	10,539,375	20,464,173	-	-	-	-	-	34,587,309
Other state sources	820,546	372,481	4,954,587	1,294,074	-	-	-	-	-	7,441,688
Other local sources	<u>47,797</u>	<u>4,481,058</u>	<u>2,295,765</u>	<u>1,010,951</u>	<u>77</u>	<u>3,219,407</u>	<u>1,412,933</u>	<u>25,444</u>	<u>-</u>	<u>12,493,432</u>
Total revenues	<u>12,542,665</u>	<u>8,264,646</u>	<u>17,789,727</u>	<u>22,769,198</u>	<u>77</u>	<u>3,219,407</u>	<u>1,412,933</u>	<u>25,444</u>	<u>-</u>	<u>66,024,097</u>
Expenditures:										
Certificated salaries	5,385,101	2,321,707	6,173,407	-	-	-	-	-	-	13,880,215
Classified salaries	664,690	1,338,632	4,421,333	5,788,796	-	1,170	-	-	-	12,214,621
Employee benefits	3,015,195	2,027,394	6,532,860	3,339,666	-	250	-	-	-	14,915,365
Books and supplies	250,709	432,377	323,666	9,339,246	197,444	39,483	44,233	-	-	10,627,158
Contract services and operating expenditures	1,182,046	2,451,703	373,073	242,542	4,203	33,662	222,737	-	-	4,509,966
Capital outlay	-	-	-	90,166	9,875	2,194,934	1,402,795	-	-	3,697,770
Debt service:										
Principal retirement	-	-	-	-	-	-	-	595,000	-	595,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,405,000</u>	<u>-</u>	<u>16,362</u>	<u>-</u>	<u>2,421,362</u>
Total expenditures	<u>10,497,741</u>	<u>8,571,813</u>	<u>17,824,339</u>	<u>18,800,416</u>	<u>211,522</u>	<u>4,674,499</u>	<u>1,669,765</u>	<u>611,362</u>	<u>-</u>	<u>62,861,457</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,044,924</u>	<u>(307,167)</u>	<u>(34,612)</u>	<u>3,968,782</u>	<u>(211,445)</u>	<u>(1,455,092)</u>	<u>(256,832)</u>	<u>(585,918)</u>	<u>-</u>	<u>3,162,640</u>
Other financing sources (uses):										
Transfers in	848,760	221,928	-	616	555,960	-	3,105,079	-	-	4,732,343
Transfers out	<u>(1,269,360)</u>	<u>(875,063)</u>	<u>(612,333)</u>	<u>(663,649)</u>	<u>(75,610)</u>	<u>-</u>	<u>(610,216)</u>	<u>(3,105,079)</u>	<u>-</u>	<u>(7,211,310)</u>
Total other financing sources (uses)	<u>(420,600)</u>	<u>(653,135)</u>	<u>(612,333)</u>	<u>(663,033)</u>	<u>480,350</u>	<u>-</u>	<u>2,494,863</u>	<u>(3,105,079)</u>	<u>-</u>	<u>(2,478,967)</u>
Net change in fund balances	1,624,324	(960,302)	(646,945)	3,305,749	268,905	(1,455,092)	2,238,031	(3,690,997)	-	683,673
Fund balances, July 1, 2013	<u>1,454,244</u>	<u>1,532,115</u>	<u>1,025,981</u>	<u>7,856,017</u>	<u>75,624</u>	<u>4,909,666</u>	<u>11,948,734</u>	<u>3,692,001</u>	<u>163,757</u>	<u>32,658,139</u>
Fund balances, June 30, 2014	<u>\$ 3,078,568</u>	<u>\$ 571,813</u>	<u>\$ 379,036</u>	<u>\$ 11,161,766</u>	<u>\$ 344,529</u>	<u>\$ 3,454,574</u>	<u>\$ 14,186,765</u>	<u>\$ 1,004</u>	<u>\$ 163,757</u>	<u>\$ 33,341,812</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES

ALL AGENCY FUNDS

For the Year Ended June 30, 2014

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2014</u>
Student Body Funds				
<u>C.K. McClatchy High School</u>				
Assets:				
Cash on hand and in banks	\$ 265,386	\$ 344,451	\$ 361,233	\$ 248,604
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 265,386</u>	<u>\$ 344,451</u>	<u>\$ 361,233</u>	<u>\$ 248,604</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>265,386</u>	<u>344,451</u>	<u>361,233</u>	<u>248,604</u>
Total liabilities	<u>\$ 265,386</u>	<u>\$ 344,451</u>	<u>\$ 361,233</u>	<u>\$ 248,604</u>
<u>Hiram Johnson High School</u>				
Assets:				
Cash on hand and in banks	\$ 46,789	\$ 129,850	\$ 125,419	\$ 51,220
Receivables	-	-	-	-
Stores inventory	3,500	-	-	3,500
Capital assets	<u>9,470</u>	<u>-</u>	<u>-</u>	<u>9,470</u>
Total assets	<u>\$ 59,759</u>	<u>\$ 129,850</u>	<u>\$ 125,419</u>	<u>\$ 64,190</u>
Liabilities:				
Accounts payable	\$ 7,378	\$ 381	\$ 7,441	\$ 318
Due to student groups	<u>52,381</u>	<u>129,469</u>	<u>117,978</u>	<u>63,872</u>
Total liabilities	<u>\$ 59,759</u>	<u>\$ 129,850</u>	<u>\$ 125,419</u>	<u>\$ 64,190</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Student Body Funds (Continued)				
<u>Luther Burbank High School</u>				
Assets:				
Cash on hand and in banks	\$ 166,945	\$ 162,038	\$ 225,484	\$ 103,499
Receivables	-	-	-	-
Stores inventory	980	61	-	1,041
Capital assets	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 167,925</u>	<u>\$ 162,099</u>	<u>\$ 225,484</u>	<u>\$ 104,540</u>
Liabilities:				
Accounts payable	\$ 34,794	\$ 1,179	\$ 35,965	\$ 8
Due to student groups	<u>133,131</u>	<u>160,920</u>	<u>189,519</u>	<u>104,532</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 167,925</u>	<u>\$ 162,099</u>	<u>\$ 225,484</u>	<u>\$ 104,540</u>
<u>John F. Kennedy High School</u>				
Assets:				
Cash on hand and in banks	\$ 114,494	\$ 397,637	\$ 355,828	\$ 156,303
Receivables	106	346	452	-
Stores inventory	-	-	-	-
Capital assets	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 114,600</u>	<u>\$ 397,983</u>	<u>\$ 356,280</u>	<u>\$ 156,303</u>
Liabilities:				
Accounts payable	\$ 28,505	\$ 1,118	\$ 307	\$ 29,316
Due to student groups	<u>86,095</u>	<u>396,865</u>	<u>355,973</u>	<u>126,987</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 114,600</u>	<u>\$ 397,983</u>	<u>\$ 356,280</u>	<u>\$ 156,303</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Student Body Funds (Continued)				
<u>Rosemont High School</u>				
Assets:				
Cash on hand and in banks	\$ 82,817	\$ 191,311	\$ 224,224	\$ 49,904
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 82,817</u>	<u>\$ 191,311</u>	<u>\$ 224,224</u>	<u>\$ 49,904</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>82,817</u>	<u>191,311</u>	<u>224,224</u>	<u>49,904</u>
Total liabilities	<u>\$ 82,817</u>	<u>\$ 191,311</u>	<u>\$ 224,224</u>	<u>\$ 49,904</u>
<u>Hiram Johnson West Campus</u>				
Assets:				
Cash on hand and in banks	\$ 102,216	\$ 265,286	\$ 285,524	\$ 81,978
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 102,216</u>	<u>\$ 265,286</u>	<u>\$ 285,524</u>	<u>\$ 81,978</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>102,216</u>	<u>265,286</u>	<u>285,524</u>	<u>81,978</u>
Total liabilities	<u>\$ 102,216</u>	<u>\$ 265,286</u>	<u>\$ 285,524</u>	<u>\$ 81,978</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Student Body Funds (Continued)				
<u>Charles A. Jones Skills and Education Center</u>				
Assets:				
Cash on hand and in banks	\$ 33,128	\$ 19,868	\$ 29,180	\$ 23,816
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Capital assets	-	-	-	-
	<u>33,128</u>	<u>19,868</u>	<u>29,180</u>	<u>23,816</u>
Total assets	<u>\$ 33,128</u>	<u>\$ 19,868</u>	<u>\$ 29,180</u>	<u>\$ 23,816</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>33,128</u>	<u>19,868</u>	<u>29,180</u>	<u>23,816</u>
Total liabilities	<u>\$ 33,128</u>	<u>\$ 19,868</u>	<u>\$ 29,180</u>	<u>\$ 23,816</u>
<u>A. Warren McClaskey Adult Center</u>				
Assets:				
Cash on hand and in banks	\$ 63,166	\$ 26,925	\$ 23,967	\$ 66,124
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Capital assets	-	-	-	-
	<u>63,166</u>	<u>26,925</u>	<u>23,967</u>	<u>66,124</u>
Total assets	<u>\$ 63,166</u>	<u>\$ 26,925</u>	<u>\$ 23,967</u>	<u>\$ 66,124</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to student groups	<u>63,166</u>	<u>26,925</u>	<u>23,967</u>	<u>66,124</u>
Total liabilities	<u>\$ 63,166</u>	<u>\$ 26,925</u>	<u>\$ 23,967</u>	<u>\$ 66,124</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Student Body Funds (Continued)				
<u>Elementary and Middle Schools</u>				
Assets:				
Cash on hand and in banks	\$ 640,496	\$ 1,249,893	\$ 1,269,905	\$ 620,484
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Capital assets	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 640,496</u>	<u>\$ 1,249,893</u>	<u>\$ 1,269,905</u>	<u>\$ 620,484</u>
Liabilities:				
Accounts payable	\$ 116,280	\$ -	\$ 116,280	\$ -
Due to student groups	<u>524,216</u>	<u>1,249,893</u>	<u>1,153,625</u>	<u>620,484</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 640,496</u>	<u>\$ 1,249,893</u>	<u>\$ 1,269,905</u>	<u>\$ 620,484</u>
<u>Total Agency Funds</u>				
Assets:				
Cash on hand and in banks	\$ 1,515,437	\$ 2,787,259	\$ 2,900,764	\$ 1,401,932
Receivables	106	346	452	-
Stores inventory	4,480	61	-	4,541
Capital assets	<u>9,470</u>	<u>-</u>	<u>-</u>	<u>9,470</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,529,493</u>	<u>\$ 2,787,666</u>	<u>\$ 2,901,216</u>	<u>\$ 1,415,943</u>
Liabilities:				
Accounts payable	\$ 186,957	\$ 2,678	\$ 159,993	\$ 29,642
Due to student groups	<u>1,342,536</u>	<u>2,784,988</u>	<u>2,741,223</u>	<u>1,386,301</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 1,529,493</u>	<u>\$ 2,787,666</u>	<u>\$ 2,901,216</u>	<u>\$ 1,415,943</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2014

Sacramento City Unified School District, a political subdivision of the State of California, was established on July 7, 1936. The territory covered by the District does not include certain areas of the City of Sacramento, but does include some contiguous territory located outside city boundaries, but within Sacramento County boundaries. The District operated forty elementary schools (grades K-6), eight elementary/middle schools (grades K-8), seven middle schools (grades 7-8), one 7-12 middle/high school, seven high schools (grades 9-12), one independent study school, two continuation/alternative schools, two adult education centers, two special education centers and forty-four children's centers and preschools, serving infants through age 12. Thirteen charter schools also operated in the District serving kindergarten through grade twelve, four of which were governed by the District Board of Education. In August 2013, the District acquired additional territory from an adjacent school district.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Darrel Woo	President	December 2014
Christina Pritchett	Vice President	November 2016
Jay Hansen	Second Vice President	November 2014
Gustavo Arroyo	Member	November 2016
Jeff Cuneo	Member	December 2014
Patrick Kennedy	Member	November 2016
Diana Rodriguez	Member	November 2016
Margarita Kovalchuk	Student Member	June 2014*

ADMINISTRATION

Jose L. Banda**
Superintendent

Teresa Cummings, Ph.D.
Chief Accountability Officer

Ken A. Forrest***
Chief Business Officer

Koua Jacklyn Franz
Chief of Staff

Olivine Roberts, Ed.D.
Chief Academic Officer

Gabe Ross
Chief Communications Officer

* Asami Saito was voted into office as the student member in June 2014 for the 2014-15 fiscal year.

** Jonathan P. Raymond - July 1, 2013 - November 20, 2013

Dr. Sara Noguchi - November 20, 2013 - July 17, 2014

Jose L. Banda - July 17, 2014 - present

*** Ken Forrest resigned effective August 31, 2014. Gerardo Castillo is Interim Chief Business Official.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2014

<u>District</u>	<u>Second Period Report</u>	<u>Revised Second Period Report</u>	<u>Annual Report</u>
Elementary:			
Transitional Kindergarten through Third	13,352	13,350	13,334
Fourth through Sixth	9,484	9,484	9,460
Seventh and Eighth	6,231	6,232	6,219
Special Education	241	241	239
Community Day School	<u>14</u>	<u>14</u>	<u>19</u>
	<u>29,322</u>	<u>29,321</u>	<u>29,271</u>
Secondary:			
Ninth through Twelfth	10,246	10,246	10,064
Special Education	149	149	143
Compulsory Continuation Education	<u>269</u>	<u>269</u>	<u>260</u>
Total Secondary	<u>10,664</u>	<u>10,664</u>	<u>10,467</u>
District ADA Totals	<u><u>39,986</u></u>	<u><u>39,985</u></u>	<u><u>39,738</u></u>
<u>Charter Schools</u>			
Bowling Green Elementary - Classroom-Based:			
Transitional Kindergarten through Third	504	-	503
Fourth through Sixth	<u>320</u>	<u>-</u>	<u>320</u>
Total Bowling Green Elementary Charter	<u>824</u>	<u>-</u>	<u>823</u>
George Washington Carver School of Arts and Science - Classroom-Based:			
Ninth through Twelfth	<u>272</u>	<u>-</u>	<u>269</u>
New Technology High - Classroom-Based:			
Ninth through Twelfth	<u>255</u>	<u>-</u>	<u>254</u>
The MET - Non-Classroom-Based:			
Ninth through Twelfth	<u>292</u>	<u>-</u>	<u>289</u>
Total Charter Schools	<u><u>1,643</u></u>	<u><u>-</u></u>	<u><u>1,635</u></u>

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2014

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>Reduced Minutes Require- ment</u>	<u>2013-14 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
<u>District</u>						
Kindergarten	36,000	35,000	35,600	178	N/A	In Compliance
Grade 1	50,400	49,000	49,540	178	N/A	In Compliance
Grade 2	50,400	49,000	49,445	178	N/A	In Compliance
Grade 3	50,400	49,000	49,445	178	N/A	In Compliance
Grade 4	54,000	52,500	52,560	178	N/A	In Compliance
Grade 5	54,000	52,500	52,560	178	N/A	In Compliance
Grade 6	54,000	52,500	52,560	178	N/A	In Compliance
Grade 7	54,000	52,500	53,930	178	N/A	In Compliance
Grade 8	54,000	52,500	56,652	178	N/A	In Compliance
Grade 9	64,800	63,000	64,266	178	N/A	In Compliance
Grade 10	64,800	63,000	64,266	178	N/A	In Compliance
Grade 11	64,800	63,000	64,266	178	N/A	In Compliance
Grade 12	64,800	63,000	64,266	178	N/A	In Compliance
<u>Bowling Green Charter School - Classroom Based</u>						
Kindergarten	36,000	34,971	35,600	178	N/A	In Compliance
Grade 1	50,400	48,960	50,030	178	N/A	In Compliance
Grade 2	50,400	48,960	50,030	178	N/A	In Compliance
Grade 3	50,400	48,960	50,030	178	N/A	In Compliance
Grade 4	54,000	52,457	53,394	178	N/A	In Compliance
Grade 5	54,000	52,457	53,394	178	N/A	In Compliance
Grade 6	54,000	52,457	53,394	178	N/A	In Compliance
<u>George Washington Carver School of Arts and Science - Classroom Based</u>						
Grade 9	64,800	62,949	64,032	178	N/A	In Compliance
Grade 10	64,800	62,949	64,032	178	N/A	In Compliance
Grade 11	64,800	62,949	64,032	178	N/A	In Compliance
Grade 12	64,800	62,949	64,032	178	N/A	In Compliance
<u>New Technology High School - Classroom Based</u>						
Grade 9	64,800	62,949	67,161	178	N/A	In Compliance
Grade 10	64,800	62,949	67,161	178	N/A	In Compliance
Grade 11	64,800	62,949	67,161	178	N/A	In Compliance
Grade 12	64,800	62,949	67,161	178	N/A	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, 2014

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Education IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611	13379	\$ 8,273,968
84.173	Special Education: IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	274,217
84.027A	Special Education IDEA: Preschool Local Entitlement, Part B, Sec 611 (Age 3-5)	13682	393,571
84.173A	Special Education: Alternative Dispute Resolution, Part B, Sec 611	13007	777
84.027	Special Education: IDEA, Mental Health Services, Part B, Sec 611	14468	<u>987,678</u>
	Subtotal Special Education Cluster		<u>9,930,211</u>
	NCLB: Title I Program:		
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	1,956,881
84.010	NCLB: Title I, Part D, Subpart 2, Local Delinquent Program	14357	31,143
84.010	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	14329	20,198,540
84.010	NCLB: Title I, Part D, Local Delinquent Programs	14357	<u>241,570</u>
	Subtotal NCLB: Title I Program		<u>22,428,134</u>
	Adult Education Program:		
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	343,717
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	155,601
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	<u>156,351</u>
	Subtotal Adult Education Program		<u>655,669</u>
	84.215 Program:		
84.215L	Smaller Learning Community	*	530,927
84.215E	Project Thrive	*	80,806
84.215X	Teaching American History Grant	*	<u>119,277</u>
	Subtotal 84.215 Program		<u>731,010</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2014

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u> (Continued)			
	Carl D. Perkins Program:		
84.048	Carl D. Perkins Career and Technical Education: Adult, Sec. 132 (Vocational Education)	14893	\$ 749,534
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131 (Vocational Education)	14894	<u>456,348</u>
	Subtotal Carl D. Perkins Program		<u>1,205,882</u>
84.367	NCLB: Title II, Part A, Improving Teacher Quality Local Grants	14341	3,471,042
84.184	Safe and Supportive Schools Programmatic Intervention (S3)	15164	471,034
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	187,417
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Program	14346	746,742
84.060	Indian Education (From Federal Government)	10011	31,592
84.063	Pell Grants	*	1,764,536
84.196	NCLB: Title X, McKinney-Vento Homeless Children Assistance Grants	14332	109,947
84.287	NCLB: Title IV, Part B, 21st Century Community Learning Centers Program	14535, 14349	5,480,490
84.330	NCLB: Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	*	67,398
84.184E	Readiness and Emergency Management for Schools	*	223,439
84.377	NCLB: Title I, School Improvement Grant (SIG) for QEIA Schools	14971	<u>1,272,314</u>
	Total U.S. Department of Education		<u>48,916,277</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2014

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.600	Head Start	10016	\$ 9,638,103
93.243	Good Behavior	*	98,371
93.576	Refugee Children Supplemental Assistance Program	24791	48,017
93.596	Child Development: Federal General (CCTR) and State Preschool (CSPP); Rs 5026, Family Child Care Home (CFCC)	13609	901,272
93.674	Chafee Foster Care Independent Living	*	113,743
93.778	Medi-Cal Billing Option	10013	<u>1,706,659</u>
	Total U.S. Department Health and Human Services		<u>12,506,165</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	National School Lunch Program	13396	15,502,624
10.559	Child Nutrition: Summer Food Service Program Operations	13004	<u>524,965</u>
	Subtotal Child Nutrition Cluster		16,027,589
10.558	Child Nutrition: Child Care Food Program	13666	<u>3,027,778</u>
	Total U.S. Department of Agriculture		<u>19,055,367</u>
<u>U.S. Department of Defense</u>			
12.UKN	ROTC	*	<u>356,716</u>
<u>U.S. Department of Justice</u>			
16.710	Public Safety Partnership and Community Policing	*	202,328
<u>U.S. Department of Labor</u>			
	WIA Cluster:		
17.258	WIA / WtW Pre Vocational Training	*	19,069
17.259	A Title I Youth-Out-of-School Ind. Ser	*	<u>222,300</u>
	Subtotal WIA Cluster		<u>241,369</u>
	Total Federal Programs		<u>\$ 81,278,222</u>

* District is unable to provide PCA numbers.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2014

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

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2014

(UNAUDITED)

	(Budget) 2015	2014	2013	2012
<u>General Fund</u>				
Revenues and other financing sources	<u>\$ 417,136,107</u>	<u>\$ 409,365,428</u>	<u>\$ 382,236,274</u>	<u>\$ 394,757,743</u>
Expenditures	423,175,852	386,209,029	383,940,424	408,025,782
Other uses and transfers out	<u>34,874</u>	<u>1,071,304</u>	<u>-</u>	<u>17,890</u>
Total outgo	<u>423,210,726</u>	<u>387,280,333</u>	<u>383,940,424</u>	<u>408,043,672</u>
Change in fund balance	<u>\$ (6,074,619)</u>	<u>\$ 22,085,095</u>	<u>\$ (1,704,150)</u>	<u>\$ (13,285,929)</u>
Ending fund balance	<u>\$ 35,419,821</u>	<u>\$ 41,494,440</u>	<u>\$ 19,409,345</u>	<u>\$ 21,113,495</u>
Available reserves	<u>\$ 17,876,795</u>	<u>\$ 17,876,795</u>	<u>\$ 8,007,454</u>	<u>\$ 8,979,822</u>
Designated for economic uncertainties	<u>\$ 13,976,133</u>	<u>\$ 13,976,133</u>	<u>\$ 8,007,454</u>	<u>\$ 8,979,822</u>
Undesignated fund balance	<u>\$ 3,900,662</u>	<u>\$ 3,900,662</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>4.2%</u>	<u>4.6%</u>	<u>2.1%</u>	<u>2.2%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 630,505,998</u>	<u>\$ 661,146,173</u>	<u>\$ 576,149,370</u>	<u>\$ 567,575,412</u>
Average daily attendance at P-2, excluding Adult and Charter School	<u>39,307</u>	<u>39,985</u>	<u>40,449</u>	<u>41,349</u>

The General Fund fund balance has increased by \$7,095,016 over the past three years. The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2014-2015 fiscal year. The fiscal year 2014-2015 budget projects a decrease of \$6,074,619. For a district this size, the state recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2014, the District has met this requirement.

Total long-term liabilities have increased by \$93,570,761 over the past two years, due primarily to the issuance of General Obligation Bonds and Lease Revenue Bonds (Note 7 to the financial statements).

Average daily attendance has decreased by 1,364 over the past two years. The District anticipates a decrease of 678 ADA for the 2014-2015 fiscal year.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2014

<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
Aspire Capitol Heights Academy	Separate Report
Bowling Green Charter Elementary	Included as Charter Schools Fund
California Montessori Project Capitol Campus	Separate Report
Capitol Collegiate Academy	Separate Report
George Washington Carver School of Arts and Science	Included as Charter Schools Fund
Language Academy of Sacramento	Separate Report
MET Sacramento Charter High School	Included as Charter Schools Fund
New Technology High School	Included as Charter Schools Fund
Oak Park Preparatory Academy	Separate Report
Sacramento Charter High School	Separate Report
Sol Aureus College Preparatory	Separate Report
St. HOPE Public School 7	Separate Report
Yav Pem Suab Academy	Separate Report

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENSES
For the Year Ended June 30, 2014

	Academic and Support Services *	Child Care *
Revenues		
Other local sources	<u>\$ 328,703</u>	<u>\$ 802,776</u>
Expenditures:		
Certificated salaries	160,446	146,614
Classified salaries	25,730	280,445
Employee benefits	75,793	281,453
Books and supplies	65,617	8,914
Contract services and operating expenditures	1,117	46,454
Indirect costs	<u> </u>	<u>38,896</u>
Total expenditures	<u>328,703</u>	<u>802,776</u>
Change in fund balance	-	-
Fund balance, July 1, 2013	<u> </u>	<u> </u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

* Revenues and expenses for the First 5 Grant are reflected in the District's Child Development Fund. See page ___ of the financial statements for a complete presentation of the Child Development Fund.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with A-133 requirements, and is presented on the modified accrual basis of accounting.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2014.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 82,521,667
Plus: Title II funds spent from prior year awards	84.367	14,685
Medi-Cal Billing Option spent from prior year awards	93.778	154,884
Less: National School Lunch Program funds not spent	10.555	(83,390)
Child Nutrition: Summer Food Service Program Operations Funds not spent	10.559	(1,325,417)
Advanced Placement Program funds not spent	84.330	(4,207)
Total Schedule of Expenditure of Federal Awards		\$ 81,278,222

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

(Continued)

1. PURPOSE OF SCHEDULES (Continued)

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

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

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2014-2015 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

F - Schedule of Charter Schools

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

G - Schedule of First 5 Revenues and Expenses

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

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2014, the District did not adopt this program.

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

Board of Education
 Sacramento City Unified School District
 Sacramento, California

Report on Compliance with State Laws and Regulations

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2014.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time	10	Yes
Instructional Materials General Requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	No, see below
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	No, see below
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance, for charter schools	8	Yes
Mode of Instruction, for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	4	Yes
Charter School Facility Grant Program	1	No, see below

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

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

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

The District's reported ADA for Nonclassroom-Based Instruction/Independent Study for charter schools was below the materiality level that requires testing; therefore, we did not perform testing of Determination of Funding for Nonclassroom-Based Instruction.

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with state laws and regulations as listed above, of Sacramento City Unified School District. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2014-002, 2014-003 and 2014-004 in the accompanying Schedule of Audit Findings and Questioned Costs, Sacramento City Unified School District did not comply with the requirements regarding Unduplicated Local Control Funding Formula Pupil Counts, Attendance Reporting, and Kindergarten Continuance. Compliance with such requirements are necessary, in our opinion, for Sacramento City Unified School District to comply with state laws and regulations.

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 state laws and regulations referred to above for the year ended June 30, 2014. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Sacramento City Unified School District had not complied with the state laws and regulations.

Other Matter

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

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Accordingly, this report is not suitable for any other purpose.


Crowe Horwath LLP

Sacramento, California
December 11, 2014

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, 2014, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2014.

Internal Control Over Financial Reporting

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

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

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

We identified a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2014-001.

Compliance and Other Matters

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

Sacramento City Unified School District's Response to Findings

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

Purpose of this Report

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


Crowe Horwath LLP

Sacramento, California
December 11, 2014

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, 2014.

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, 2014.

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 Horwath LLP

Sacramento, California
December 11, 2014

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sacramento City Unified School District's major federal programs for the year ended June 30, 2014. Sacramento City Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sacramento City Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Sacramento City Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Sacramento City Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sacramento City Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sacramento City Unified School District's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Crowe Horwath LLP

Sacramento, California
December 11, 2014

FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

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

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

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

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes X No

Identification of major programs:

_____ CFDA Number(s) _____	_____ Name of Federal Program or Cluster _____
84,027, 84,027A, 84.173, 84,173A	Special Education Cluster
84.367	NCLB: Title II, Part A, Improving Teacher Quality
93.600	Head Start
10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 2,438,347

Auditee qualified as low-risk auditee? X Yes _____ No

STATE AWARDS

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

2014-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000)

Criteria

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

Condition

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

Rosa Parks K-8:

- There is no evidence of student store inventory counts being performed.
- There is no evidence of student store profit and loss statements being prepared and reviewed.
- Receipts are not issued when funds are turned into the Secretary.
- Collections are not supported by detailed schedules defining the number of items received and the unit price per item.
- There is no evidence of district approval of fundraising activities.
- There is no evidence of approval for purchases in the ASB minutes.

Hubert Bancroft Elementary:

- Receipts are not issued when funds are turned into the Secretary.
- Collections are not supported by detailed schedules defining the number of items received and the unit price per item.
- As there were no supporting deposit receipts, it could not be determined if deposits were being made on a timely basis.
- There is no evidence of site and district approval of fundraising activities.
- A monthly report of financial transactions of the various club accounts is not reviewed on timely basis.

George Washington Carver High:

- Collections are not supported by detailed schedules defining the number of items received and the unit price per item.
- There is no evidence of approval for purchases in the ASB minutes.
- There is no evidence of site and district approval of fundraising activities.

Albert Einstein Middle:

- There is no evidence of student store inventory counts being performed.
- There is no evidence of student store profit and loss statements being prepared and reviewed.
- Daily sales logs for the student store did not tie to the Daily Cash report.
- There is no evidence of approval for purchases in the ASB minutes.
- There is no evidence of site and district approval of fundraising activities.

American Legion High:

- Deposits are not made in a timely manner.
- There is no evidence of approval for purchases in the ASB minutes.
- A monthly report of financial transactions of the various club accounts is not reviewed on timely basis.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2014-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000) (Continued)

Condition (Continued)

Elder Creek Elementary:

- Receipts are not issued when funds are turned into the Secretary.
- Deposits are not supported by detailed schedules defining the number of items receipted and the unit price per item.
- A monthly report of financial transactions of the various club accounts is not reviewed on timely basis.

Hiram Johnson High:

- Cash receipts are not recorded into a separate log when issued for funds turned into the office.
- The ASB secretary does not maintain a record of receipt books issued to the student clubs for the receipt of cash.
- There is no evidence of site and district approval of fundraising activities.
- There is no evidence of student store inventory counts being performed.
- There is no evidence of student store profit and loss statements being reviewed.

Caroline Wenzel Elementary:

- Receipts are not issued when funds are turned into the Secretary.
- Supporting receipts are not maintained separately for each fundraiser.
- There is no evidence of site and district approval of fundraising activities. Fundraising activities are approved verbally by the Principal.

School of Engineering and Sciences:

- Cash turned in from fundraising are not recorded for individual activities.
- There is no evidence of district approval of fundraising activities.
- There is no evidence of student store inventory counts being performed.
- There is no evidence of student store profit and loss statements being prepared and reviewed.
- There is no evidence of approval for purchases in the ASB minutes.

John F. Kennedy High:

- Receipts are not issued when funds are turned into the Secretary.
- There is no evidence of student store inventory counts being performed.
- There is no evidence of student store profit and loss statements being prepared and reviewed.
- A monthly report of financial transactions of the various club accounts is not prepared and reviewed.
- There is no evidence of site and district approval of fundraising activities.

Sutter Middle:

- There is no evidence of student store inventory counts being reviewed.
- There is no evidence of student store profit and loss statements being prepared and reviewed.

Matsuyama Elementary:

- Receipts are not issued when funds are turned into the Secretary.
- There is no evidence of site and district approval of fundraising activities.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2014-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000) (Continued)

Condition (Continued)

Arthur A. Benjamin Health Professions High:

- Supporting receipts are not maintained separately for each fundraiser.
- Cash turned in from fundraising are not recorded for individual activities.
- There is no evidence of site and district approval of fundraising activities.
- There is no evidence of student store inventory counts being performed.
- There is no evidence of student store profit and loss statements being prepared and reviewed.
- There is no evidence that student store tally sheets are reconciled to cash collected.
- A monthly report of financial transactions of the various club accounts is not reviewed on timely basis.

John Cabrillo Elementary:

- A monthly report of financial transactions of the various club accounts is not reviewed by the principal.
- Receipts are not recorded when issued by the Secretary.

Effect

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

Cause

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

Fiscal Impact

Not determinable.

Recommendation

- Student store inventory counts and profit-loss and monthly activity summaries should be performed regularly and reviewed/approved by the Principal or other designated site personnel.
- Monthly report of financial transaction of the various club accounts should be prepared and reviewed by school site on timely basis.
- Receipts should be issued and signed when funds are deposited into the ASB office.
- Deposits should be supported by detailed schedules defining the number of items receipted and unit price per item.
- Formal approval for fundraising activities by the Student council, Principal, and District should be performed as applicable.
- Supporting receipts should be maintained separately for each fundraiser and should total to the cash collection from each fundraiser.
- Cash turned in from fundraising should be recorded for individual activities.
- Student Store tally sheets should be reconciled to cash collected.
- ASB funds spent should be appropriately approved and documented in the ASB minutes.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2014-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000) (Continued)

Corrective Action Plan

The District will work with site administration and staff to implement the recommendations. The District will also continue to provide staff training on student body accounting procedures.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2014-002 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria

Any student who meets the federal income eligibility criteria or is deemed to be categorically eligible for FRPM under the National School Lunch Program (NSLP) will be counted as FRPM-eligible. Except for directly certified and foster students identified through a statewide match, LEAs must submit the appropriate student program (SPRG) records to CALPADS in order for the students to be counted as FRPM-eligible. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.

Condition

Eight students were improperly included in the Free and Reduced Meal Program, at multiple school sites. The District was unable to provide any documentation that the students were approved in the current year for FRMP.

Effect

The effect of this finding is an extrapolated overstatement of 441 unduplicated pupil counts:

A.M. Winn Waldorf-Inspired

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	375	244	8	69	321
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>375</u>	<u>238</u>	<u>8</u>	<u>69</u>	<u>315</u>

Abraham Lincoln Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	464	274	5	148	427
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>464</u>	<u>268</u>	<u>5</u>	<u>148</u>	<u>421</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Alice Birney Waldorf-Inspired

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	558	204	11	18	233
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>558</u>	<u>199</u>	<u>11</u>	<u>18</u>	<u>228</u>

American Legion High (Continuation)

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	326	237	5	60	302
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>326</u>	<u>231</u>	<u>5</u>	<u>-</u>	<u>296</u>

Arthur A. Benjamin Health Professions High

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	264	197	1	32	230
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>264</u>	<u>192</u>	<u>1</u>	<u>32</u>	<u>225</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Bret Harte Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	392	253	15	69	337
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>392</u>	<u>247</u>	<u>15</u>	<u>69</u>	<u>331</u>

C.K. McClatchy High

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	2,321	1,182	31	245	1,458
Audit adjustments	-	(25)	-	-	(25)
Adjusted counts	<u>2,321</u>	<u>1,157</u>	<u>31</u>	<u>245</u>	<u>1,433</u>

California Middle

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	705	391	2	78	471
Audit adjustments	-	(9)	-	-	(9)
Adjusted counts	<u>705</u>	<u>382</u>	<u>2</u>	<u>78</u>	<u>462</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Camellia Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	480	254	11	164	429
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>480</u>	<u>248</u>	<u>11</u>	<u>164</u>	<u>423</u>

Capital City Independent Study

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	610	325	41	120	486
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	<u>610</u>	<u>318</u>	<u>41</u>	<u>120</u>	<u>479</u>

Caroline Wenzel Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	357	238	7	37	282
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>357</u>	<u>232</u>	<u>7</u>	<u>37</u>	<u>276</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Cesar Chavez Intermediate

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	350	212	2	121	335
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>350</u>	<u>207</u>	<u>2</u>	<u>121</u>	<u>330</u>

Crocker/Riverside Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	643	90	2	5	97
Audit adjustments	-	(2)	-	-	(2)
Adjusted counts	<u>643</u>	<u>88</u>	<u>2</u>	<u>5</u>	<u>95</u>

David Lubin Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	560	268	6	52	326
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>560</u>	<u>262</u>	<u>6</u>	<u>52</u>	<u>320</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Earl Warren Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	626	297	15	291	603
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	<u>626</u>	<u>290</u>	<u>15</u>	<u>291</u>	<u>596</u>

Edward Kemble Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	511	225	35	209	469
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>511</u>	<u>220</u>	<u>35</u>	<u>209</u>	<u>464</u>

Elder Creek Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	789	368	17	364	749
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	<u>789</u>	<u>360</u>	<u>17</u>	<u>364</u>	<u>741</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Ethel I. Baker Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	744	343	33	332	708
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	<u>744</u>	<u>335</u>	<u>33</u>	<u>332</u>	<u>700</u>

Ethel Phillips Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	580	256	33	258	547
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>580</u>	<u>250</u>	<u>33</u>	<u>258</u>	<u>541</u>

Father Keith B. Kenny

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	422	299	7	91	397
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	<u>422</u>	<u>292</u>	<u>7</u>	<u>91</u>	<u>390</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Fern Bacon Middle

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	743	443	12	244	699
Audit adjustments	-	(10)	-	-	(10)
Adjusted counts	<u>743</u>	<u>433</u>	<u>12</u>	<u>244</u>	<u>689</u>

Genevieve Didion

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	637	130	11	16	157
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	<u>637</u>	<u>127</u>	<u>11</u>	<u>16</u>	<u>154</u>

Golden Empire Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	614	390	10	100	500
Audit adjustments	-	(9)	-	-	(9)
Adjusted counts	<u>614</u>	<u>381</u>	<u>10</u>	<u>100</u>	<u>491</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

H.W. Harkness Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	402	230	11	125	366
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>402</u>	<u>225</u>	<u>11</u>	<u>125</u>	<u>361</u>

Hollywood Park Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	364	250	-	62	312
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>364</u>	<u>244</u>	<u>-</u>	<u>62</u>	<u>306</u>

Hubert H. Bancroft Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	525	275	9	31	315
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>525</u>	<u>269</u>	<u>9</u>	<u>31</u>	<u>309</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Isador Cohen Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	302	225	1	42	268
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>302</u>	<u>220</u>	<u>1</u>	<u>42</u>	<u>263</u>

James Marshall Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	388	238	13	69	320
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>388</u>	<u>232</u>	<u>13</u>	<u>69</u>	<u>314</u>

John Bidwell Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	370	216	19	92	327
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>370</u>	<u>211</u>	<u>19</u>	<u>92</u>	<u>322</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

John D. Sloat Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	311	189	10	90	289
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	<u>311</u>	<u>185</u>	<u>10</u>	<u>90</u>	<u>285</u>

John H. Still

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	943	521	40	321	882
Audit adjustments	-	(11)	-	-	(11)
Adjusted counts	<u>943</u>	<u>510</u>	<u>40</u>	<u>321</u>	<u>871</u>

John Morse Therapeutic Center

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	50	44	-	2	46
Audit adjustments	-	(1)	-	-	(1)
Adjusted counts	<u>50</u>	<u>43</u>	<u>-</u>	<u>2</u>	<u>45</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Kit Carson Middle

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	319	217	5	55	277
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>319</u>	<u>212</u>	<u>5</u>	<u>55</u>	<u>272</u>

Leataata Floyd Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	320	277	-	36	313
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>320</u>	<u>271</u>	<u>-</u>	<u>36</u>	<u>307</u>

Leonardo Da Vinci

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	797	265	11	51	327
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>797</u>	<u>259</u>	<u>11</u>	<u>51</u>	<u>321</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Luther Burbank High

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	1,696	1,008	67	366	1,441
Audit adjustments	-	(22)	-	-	(22)
Adjusted counts	<u>1,696</u>	<u>986</u>	<u>67</u>	<u>366</u>	<u>1,419</u>

Mark Twain Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	427	282	3	120	405
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>427</u>	<u>276</u>	<u>3</u>	<u>120</u>	<u>399</u>

Martin Luther King Jr.

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	533	348	6	57	411
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	<u>533</u>	<u>340</u>	<u>6</u>	<u>57</u>	<u>403</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Nicholas Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	652	366	15	241	622
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	<u>652</u>	<u>358</u>	<u>15</u>	<u>241</u>	<u>614</u>

NPS School Group for Sacramento City Unified

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	262	90	25	20	135
Audit adjustments	-	(2)	-	-	(2)
Adjusted counts	<u>262</u>	<u>88</u>	<u>25</u>	<u>20</u>	<u>133</u>

O.W. Erlewine Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	377	231	4	19	254
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>377</u>	<u>226</u>	<u>4</u>	<u>19</u>	<u>249</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Oak Ridge Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	532	311	10	177	498
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	<u>532</u>	<u>304</u>	<u>10</u>	<u>177</u>	<u>491</u>

Pacific Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	703	332	38	297	667
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	<u>703</u>	<u>324</u>	<u>38</u>	<u>297</u>	<u>659</u>

Parkway Elementary

	<u>Unduplicated pupil count</u>				
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	<u>Total</u>
As certified on CalPADS	574	330	23	168	521
Audit adjustments	-	(7)	-	-	(7)
Adjusted counts	<u>574</u>	<u>323</u>	<u>23</u>	<u>168</u>	<u>514</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Peter Burnett Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	720	349	25	294	668
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	<u>720</u>	<u>341</u>	<u>25</u>	<u>294</u>	<u>660</u>

Phoebe A. Hearst Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	643	134	4	18	156
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	<u>643</u>	<u>131</u>	<u>4</u>	<u>18</u>	<u>153</u>

Pony Express Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	447	205	11	60	276
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>447</u>	<u>200</u>	<u>11</u>	<u>60</u>	<u>271</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Rosa Parks Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	813	498	19	245	762
Audit adjustments	-	(11)	-	-	(11)
Adjusted counts	<u>813</u>	<u>487</u>	<u>19</u>	<u>245</u>	<u>751</u>

Rosemont High

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	1,347	845	16	116	977
Audit adjustments	-	(18)	-	-	(18)
Adjusted counts	<u>1,347</u>	<u>827</u>	<u>16</u>	<u>116</u>	<u>959</u>

Sacramento City Unified

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	22	6	7	1	14
Audit adjustments	-	(1)	-	-	(1)
Adjusted counts	<u>22</u>	<u>5</u>	<u>7</u>	<u>1</u>	<u>13</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Sam Brannan Middle

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	680	436	8	76	520
Audit adjustments	-	(10)	-	-	(10)
Adjusted counts	<u>680</u>	<u>426</u>	<u>8</u>	<u>76</u>	<u>510</u>

Sequoia Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	494	270	6	45	321
Audit adjustments	-	(6)	-	-	(6)
Adjusted counts	<u>494</u>	<u>264</u>	<u>6</u>	<u>45</u>	<u>315</u>

Susan B. Anthony Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	289	109	5	167	281
Audit adjustments	-	(3)	-	-	(3)
Adjusted counts	<u>289</u>	<u>106</u>	<u>5</u>	<u>167</u>	<u>278</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Sutter Middle

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	1,115	523	3	65	591
Audit adjustments	-	(12)	-	-	(12)
Adjusted counts	<u>1,115</u>	<u>511</u>	<u>3</u>	<u>65</u>	<u>579</u>

Sutterville Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	597	221	13	58	292
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>597</u>	<u>216</u>	<u>13</u>	<u>58</u>	<u>287</u>

Tahoe Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	336	230	2	70	302
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>336</u>	<u>225</u>	<u>2</u>	<u>70</u>	<u>297</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

Theodore Judah Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	580	199	4	29	232
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>580</u>	<u>194</u>	<u>4</u>	<u>29</u>	<u>227</u>

West Campus

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	861	516	1	12	529
Audit adjustments	-	(11)	-	-	(11)
Adjusted counts	<u>861</u>	<u>505</u>	<u>1</u>	<u>12</u>	<u>518</u>

Will C. Wood Middle

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	699	452	4	210	666
Audit adjustments	-	(10)	-	-	(10)
Adjusted counts	<u>699</u>	<u>442</u>	<u>4</u>	<u>210</u>	<u>656</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

William Land Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	427	199	18	149	366
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>427</u>	<u>194</u>	<u>18</u>	<u>149</u>	<u>361</u>

Woodbine Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	336	194	12	113	319
Audit adjustments	-	(5)	-	-	(5)
Adjusted counts	<u>336</u>	<u>189</u>	<u>12</u>	<u>113</u>	<u>314</u>

Bowling Green Elementary

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	887	360	33	436	829
Audit adjustments	-	(8)	-	-	(8)
Adjusted counts	<u>887</u>	<u>352</u>	<u>33</u>	<u>436</u>	<u>821</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Effect (Continued)

New Technology High

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	279	172	5	31	208
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	<u>279</u>	<u>168</u>	<u>5</u>	<u>31</u>	<u>204</u>

Yav Pem Suab Academy - Preparing for the Future Charter

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	427	182	11	191	384
Audit adjustments	-	(4)	-	-	(4)
Adjusted counts	<u>427</u>	<u>178</u>	<u>11</u>	<u>191</u>	<u>380</u>

District-Wide

	<u>Unduplicated pupil count</u>				<u>Total</u>
	<u>Enrollment</u>	<u>Free & Reduced Meal Program (FRPM)</u>	<u>English Learners (ELAS)</u>	<u>Both FRPM & ELAS</u>	
As certified on CalPADS	43,836	23,348	953	8,834	33,135
Audit adjustments	-	(441)	-	-	(441)
Adjusted counts	<u>43,836</u>	<u>22,907</u>	<u>953</u>	<u>8,834</u>	<u>32,694</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-002 DEFICIENCY – LOCAL CONTROL FUNDING FORMULA- PUPIL COUNT (40000)
(Continued)

Cause

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

Fiscal Impact

The School District Unduplicated Pupil Percentage for Sacramento City Unified School District was originally reported at 75.40% and the revised School District Unduplicated Pupil Percentage should be revised to 74.34%; the fiscal impact is a reduction of LCFF revenues of approximately \$278,000.

Recommendation

The District should ensure that all appropriate documentation is retained and updated for all students receiving Free and Reduced lunches.

Corrective Action Plan

The District agrees with the finding and proper controls are set up for FY 2014-15, so this finding is not repeated. The first year of LCFF implementation was FY 2013–14, and the District claimed the students that qualify under the National School Lunch Program as they will count for Unduplicated Count on the calculation of LCFF. However, after further clarification from the State, the District realized the LCFF rules are different from National School Lunch Program rules. Although students may be considered FRPM-eligible in the first 30 days of a school year based on the prior year's eligibility, students may not be coded as FRPM-eligible based on this 30-day eligibility window for LCFF. FRPM program eligibility records "end" (must be closed) at the end of each year for LCFF.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-003 STATE COMPLIANCE – ATTENDANCE REPORTING (40000)

Criteria

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

Condition

Caleb Greenwood Elementary School - Grades TK/KN-3:

- One student was improperly counted as present for two days.

Albert Einstein Middle School - Grades 7-8:

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

John F. Kennedy High School - Grades 9-12:

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

George Washington Carver School of Arts & Sciences - Grades 9-12:

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

Effect

Caleb Greenwood Elementary School - Grades TK/KN-3:

- The extrapolated effect of the errors is an overstatement of 0.56 ADA.

Albert Einstein Middle School - Grades 7-8:

- The extrapolated effect of the errors is an overstatement of 0.94 ADA.

John F. Kennedy High School - Grades 9-12:

- The extrapolated effect of the errors is an overstatement of 3.38 ADA.

George Washington Carver School of Arts & Sciences - Grades 9-12:

- The extrapolated effect of the errors is an overstatement of 0.32 ADA.

Cause

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-003 STATE COMPLIANCE – ATTENDANCE REPORTING (40000) (Continued)

Fiscal Impact

District:

The extrapolated ADA impact results in a fiscal impact of approximately \$32,760 for the District.

Charter School:

Not applicable as the extrapolated error is less than 0.50 ADA.

Recommendation

We recommend that the attendance clerk reconciles attendance log with attendance records to ensure attendance is accurately recorded. The District should revise and resubmit the Second Period Report of Attendance, reflecting the disallowance of ADA.

Corrective Action Plan

The District revised and resubmitted the Second Period Report of Attendance, reflecting the disallowance of ADA.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2014

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

2014-004 DEFICIENCY – KINDERGARTEN CONTINUANCE (40000)

Criteria

Pursuant to Education Code Section 46300(g) in computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten or pupils in transitional kindergarten program after they have completed one year in that program if one of the following conditions are met: (A) The school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the department and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than one additional school year.

Condition

At Nicholas, we noted one student attended Kindergarten from 9/4/12-12/12/12 then he was dis-enrolled. The student re-enrolled in Kindergarten at the school for the 2013-14 school year; however, a continuation form was not signed for him to continue past 180 days. Total disallowed ADA was .09.

At Susan B Anthony, we noted the student continuation form utilized was not approved by CDE. We noted the form did not include the anniversary date or the date to which the student would continue. It was further noted, this school site did not use the approved form for Kindergarten continuance for all students and as such, all ADA generated from students who are attending kindergarten for the second time during the 2013-14 school year is disallowed. Total disallowed ADA was 1.98.

Effect

The combined effect of the errors is an overstatement of 1.98 ADA.

Cause

Adequate control procedures have not been implemented and enforced.

Fiscal Impact

The fiscal impact is 1.98 ADA or \$13,252.

Recommendation

We recommend the school sites prepare the correct form for all students continuing in kindergarten for a second year. The form can be found at the CDE website. Additionally, the District should revise the Period Two Report of Attendance to properly reflect the disallowed ADA.

Corrective Action Plan

Management will ensure that those task with obtaining "Consent to Retain Pupil in Kindergarten" forms are aware of and comply with the control procedures implemented by the District to ensure accurate attendance reporting. Additionally, the District revised and resubmitted the Second Period Report of Attendance, reflecting the disallowance of ADA.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2014

Finding/Recommendation	Current Status	District Explanation If Not Implemented
<p>2013-01</p> <p>Bret Harte Elementary:</p> <ul style="list-style-type: none"> • Financial Summaries are not periodically reviewed. <p>Edward Kemble Elementary School:</p> <ul style="list-style-type: none"> • No evidence that funds are received and deposited in a timely manner. • No evidence of written receipts or documentation of cash receipts. • No evidence that deposits are performed on a timely basis. <p>Hollywood Park Elementary School:</p> <ul style="list-style-type: none"> • Funds are not dually counted by two independent individuals when funds are initially received. • Funds are not received and deposited in a timely manner. • Funds are not held in a secure location. • Revenue producing activities are not pre-approved by the Principal, District or student body. <p>Joseph Bonnheim Elementary School:</p> <ul style="list-style-type: none"> • Financial Summaries are not periodically reviewed. <p>Martin Luther King Jr. Elementary School:</p> <ul style="list-style-type: none"> • Funds are not dually counted by two independent individuals when funds are initially received. • Revenue producing activities are not pre-approved by the Principal, District or student body. <p>Sequoia Elementary School:</p> <ul style="list-style-type: none"> • Financial Summaries are not periodically reviewed. • Funds are not dually counted by two independent individuals when funds are initially received. 	<p>Partially implemented.</p>	<p>See current year finding 2014-001.</p>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

(Continued)

Year Ended June 30, 2014

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2013-01 (Continued)		
<p>Theodore Judah Elementary School:</p> <ul style="list-style-type: none">• Financial Summaries are not periodically reviewed.• Funds are not dually counted by two independent individuals when funds are initially received.		
<p>Fern Bacon Middle School:</p> <ul style="list-style-type: none">• Funds are not received and deposited in a timely manner.• No periodic inventory count is performed at the student store.• Profit and Loss Statement is not prepared for the student store.• Student store sales are not reconciled to funds received.• Revenue producing activities are not pre-approved by the Principal, District or student body.		
<p>Kit Carson Middle School:</p> <ul style="list-style-type: none">• Funds are not dually counted by two independent individuals when funds are initially received.• No periodic inventory count is performed at the student store.• No records of sales are maintained for the student store.• Profit and Loss Statement is not prepared for the Student Store.		
<p>Will C. Wood Middle School:</p> <ul style="list-style-type: none">• Funds are not dually counted by two independent individuals when funds are initially received.• Profit and Loss Statement is not prepared for the student store.• No periodic inventory count is performed at the student store.		
<p>C.K. McClatchy High School</p> <ul style="list-style-type: none">• Funds are not received and deposited in a timely manner.• Profit and Loss Statement is not prepared for the student store.		

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

(Continued)

Year Ended June 30, 2014

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2013-01 (Continued)		
<p>Hiram Johnson High School:</p> <ul style="list-style-type: none">• No periodic inventory count is performed at the student store.• Profit and Loss Statement is not prepared for the student store.• A monthly report of financial transactions of various club accounts is not prepared and reviewed.		
<p>School of Engineering and Sciences:</p> <ul style="list-style-type: none">• Receipt books issued to student organizations are not tracked by the ASB coordinator.• Record of receipts issued by student organizations is not kept by ASB coordinator.• Receipts are not issued when cash receipts are turned in to ASB coordinator.• Revenue producing activities are not pre-approved by the Principal, District or student body.• No periodic inventory count is performed at the student store.• Profit and Loss Statement is not prepared for the student store.• Financial Summaries are not periodically reviewed.• Student store sales are not reconciled to funds received.• Student store funds are not counted in dual custody.• Student Body meeting minutes were not recorded and maintained.		

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

(Continued)

Year Ended June 30, 2014

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2013-01 (Continued)		
<p>Rosemont High School:</p> <ul style="list-style-type: none">• Funds are not received, deposited or recorded in a timely manner.• Expenditures are not approved by the student council and proper personnel.• No periodic inventory count is performed at the student store.• Student store sales are not reconciled to funds received.• Profit and Loss Statement is not prepared for the student store.• ASB bank account reconciliations are not prepared and reviewed in a timely manner.• Revenue producing activities are not pre-approved by the Principal, District or student body.		
<ul style="list-style-type: none">• Receipt books issued to student organizations and receipts issued by student organizations should be tracked by the ASB coordinator.• Total receipts turned into the office should be supported by detailed schedules defining the number of items receipted and the unit price per item.• Receipts should be issued when funds are turned into the ASB coordinator.• Funds received should be dually counted by two independent individuals when initially received.• Funds should be received by the ASB coordinator and deposited in a timely manner.• Funds should be held in a secure location.• Student body meeting minutes should be recorded and maintained.• Approval of expenditures should be documented in the student body meeting minutes.		

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

(Continued)

Year Ended June 30, 2014

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<p>2013-01 (Continued)</p> <ul style="list-style-type: none"> • Revenue producing activities should be pre-approved by the Principal, District or student body. • Student store funds received should be counted in dual custody and reconciled to sales. • Periodic inventories should be completed for the student store and evidence of this inventory should be maintained. • Monthly financial statements, including the student store profit and loss, should be prepared in a timely manner and reviewed by someone independent of the preparer. They should also be provided to the student clubs for review. • ASB bank account reconciliations should be performed in a timely manner. 		
<p>2013-02</p> <p>For one Kindergarten pupil who was retained for a second year of kindergarten, the "Consent to Retain Pupil in Kindergarten" form was not completed.</p> <p>We recommend the District ensure "Consent to Retain Pupil in Kindergarten" forms are completed for each student enrolling in a second school year of kindergarten.</p>	<p>Not implemented.</p>	<p>See current year finding 2014-004.</p>
<p>2013-03</p> <p>One day of apportionment was claimed before the teacher signed the student contract.</p> <p>We recommend that the school site verify all master agreements to ensure all required criteria including signatures are include on agreements prior to student earning apportionment.</p>	<p>Implemented.</p>	