



SACRAMENTO CITY UNIFIED SCHOOL DISTRICT BOARD OF EDUCATION

Agenda Item# 10.4

Meeting Date: April 16, 2026

Subject: Independent Audit Report for the Fiscal Year Ended June 30, 2025,
and Financial and Performance Audits for General Obligation Bond
Measure H and Measure Q, Submitted by Crowe LLP

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

Division: Business Services

Recommendation: Receive Independent Audit Report for the Fiscal Year Ending June 30, 2025; and Financial and Performance Audits for General Obligation Bond Measure Q and Measure H, Submitted by Crowe LLP

Background/Rationale: Education Code Section 41020 requires school districts to conduct an annual audit of all funds under the jurisdiction of the Governing Board. The Sacramento City Unified School District is currently under contract with Crowe LLP to conduct this annual audit of district records. Crowe LLP has completed the audit for the 2024-25 fiscal year for the District's Financial Statements.

In addition to our Financial audit, the District must also conduct a financial and performance audit for General Obligation Bonds the District is authorized per Proposition 39. The General Obligation Bond Financial and Performance Audits for Measure Q and Measure H were also completed during the same audit period and are also presented for information.

State law requires that the Board of Education review the annual audit report. The statutory deadline for the submission of the District's financial audit report to the State Controller's Office is December 15, 2025. The district requested and received two extensions from the State Controller's Office for the 2024-25 aud it cycle. Due to a delay in the release of the Federal Government Office of Management (OMB) "Compliance Supplement" to the Uniform Guidance for the fiscal year. All Districts and its auditors must follow this guideline of the Internal Control and Compliance areas of Federal major programs. Auditors cannot also issue an opinion without the Financial Compliance Supplement. This delay resulted in an extension request on behalf of all Districts in the State of California, as requested on our behalf by the Sacramento

County Office of Education, for audits to be completed and submitted by January 29, 2026, to the State Controller's Office.

The next extension was requested by the District due to the audit requirement to evaluate the district's Going Concern regarding its fiscal solvency. This required the District to provide additional information and responses, to include a 24-month Cash Flow projection and responses to the December 2025 FCMAT Report.

General Obligation Bonds - The District has additional responsibilities to perform a financial and performance audit of its General Obligation Bonds. The audits for Measure H and Q were also performed during the same period and are being presented along with the District's financial statement audit.

These reports are filed with the County Superintendent, State Department of Education, and the State Controller's Office. The Bond Audits will also be presented to the Citizens Bond Oversight Committee (CBOC) during its April 2026 meeting.

The District obtained the following Opinions and/or Statements on Compliance from Each Audit:

2024-25 Financial Audit - The accompanying financial statements have been prepared assuming that Sacramento City Unified School District will continue as a going concern. As discussed in Note 13 to the financial statements, the District has experienced significant deficit spending and other related financial challenges. These conditions raise substantial doubt about the District's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Measure Q Financial Audit - The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Measure Q Performance Audit - The results of our procedures indicated that, in all significant respects, Sacramento City Unified School District expended Measure Q General Obligation Bond funds for the year ending June 30, 2025, only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Measure H Financial Audit - The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Measure H Performance Audit - The results of our procedures indicated that, in all significant respects, Sacramento City Unified School District expended Measure H General Obligation Bond funds for the year ended June 30, 2025, only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Financial Considerations: The cost of the annual financial audit for the year ending June 30, 2025, was \$155,500 and is budgeted and funded by the Unrestricted General Fund. The cost for the annual General Obligation Bond audit for the year ending June 30, 2025, was \$30,000 and funded by the Bond Fund.

LCAP Goal(s): Goal 1 – Graduation Outcomes; Goal 2 – Academic Outcomes; Goal 3 – Welcoming and Safety Outcomes

Documents Attached:

1. Executive Summary
2. Independent Audit Report for the Fiscal Year Ended June 30, 2025,
and Financial and Performance Audits for General Obligation Bond
Measure H and Measure Q, Submitted by Crowe LLP

Estimated Time: 10 Minutes

Submitted by: Lisa Grant-Dawson,
Interim Chief Business & Operations Officer

Approved by: Candy McArn, Interim Superintendent

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District (the District), as of and for the year ended June 30, 2025, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Substantial Doubt About the District's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Sacramento City Unified School District will continue as a going concern. As discussed in Note 13 to the financial statements, District has experienced significant deficit spending, and other related financial challenges. These conditions raise substantial doubt about the District's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

(Continued)

Other Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This resulted in a restatement of the beginning governmental activities net position of \$15,421,931. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sacramento City Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sacramento City Unified School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 14 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of the District's Contributions - OPEB, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions – Pensions on pages 62 to 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited", was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2026 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 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 Sacramento City Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sacramento City Unified School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being written in a more compact, cursive-like font.

Crowe LLP

Sacramento, California
April 7, 2026

Management's Discussion and Analysis

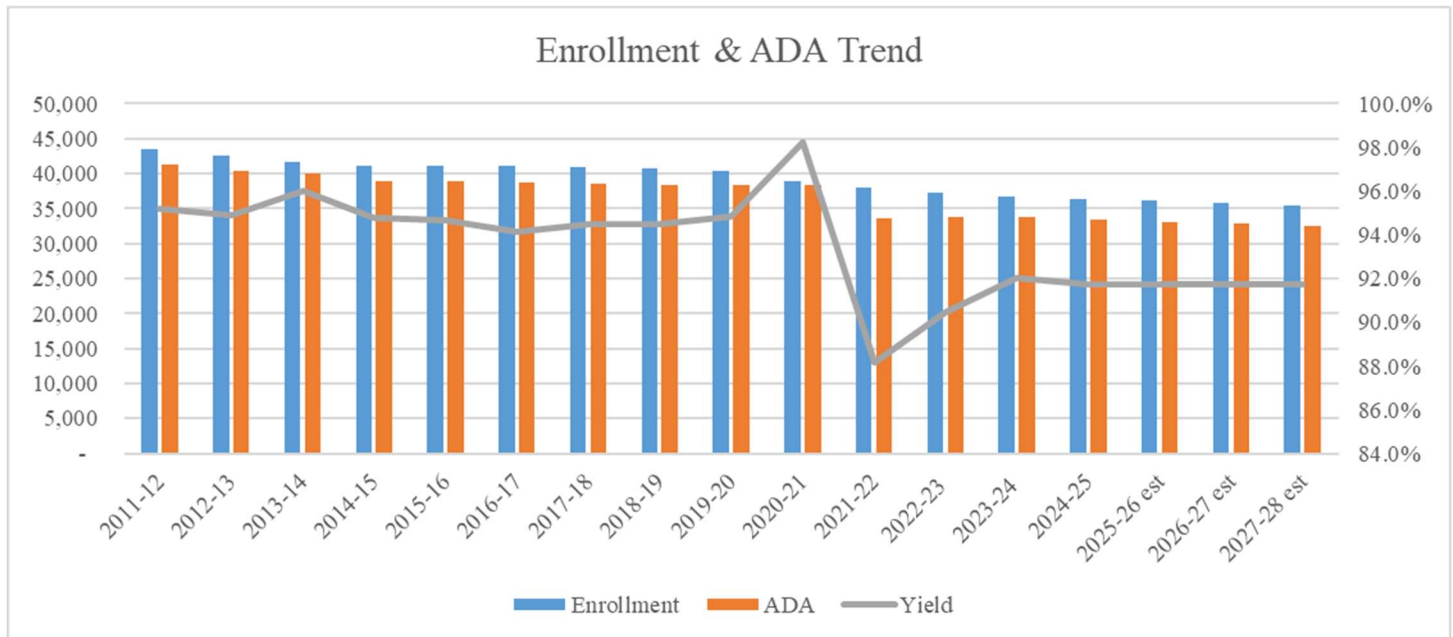
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by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

District Overview

Sacramento City Unified School District (the "District"), located in Sacramento County, is the fourteenth-largest school district in California, with a student enrollment of 36,415. The District provides educational services to the residents in and around Sacramento, the state capital. Although the District operates under the jurisdiction of the Sacramento County Office of Education, it has attained 'fiscal accountability' status under the California Education Code.

For fiscal year 2024-25, the District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers, two dependent charter elementary schools (grades K-6), three dependent charter high schools (grades 9-12), seven independent charters residing in District facilities, three independent charters not residing in District facilities, thirty-two preschool programs, two toddler programs, one infant program, three before/after school children's centers, and forty-seven transitional kindergarten programs.

The graph below shows the District's enrollment trend, net of charter school enrollment. The District's enrollment and average daily attendance (ADA) continue to decline year over year. The District is funded based on its ADA, which is tracked daily with staff following up on areas of concern. The District averages approximately 91.74% ADA to enrollment. The chart below illustrates the District's projected enrollment, ADA, and funded ADA:



Emergency School Closures

For fiscal year 2024-25, there were no emergency school closures. However, the successful approval of J-13A requests for campus closures by the California Department of Education (CDE) further underscores the District's prudent financial management during unforeseen circumstances.

Governance

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

Strategic Plan and Guiding Principle

The District makes a commitment to provide every student with access to opportunities for success. It functions like a blueprint, outlining a vision for our schools in the future and providing the steps necessary to attain the vision. The Strategic Plan also guides the District's Local Control and Accountability Plan, pairing actions with resources.

The District's Mission:

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

The District's Vision:

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

The District's Core Values:

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

The District's Goals:

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

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

Overview of the Financial Statements

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

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

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

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

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation and administration. State support from the Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.
- Business-type activities – The District operates business-type activities in the form of an enterprise fund. The District's enterprise fund is a food service program which provides non-student related catering and other local food programs.

These two financial statements start on page 15.

The remaining statements are fund financial statements that report on the District's operations in more detail than the district-wide statements. These statements begin on page 17.

District-wide Financial Condition

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). The District displays the book value of all district assets including buildings, land and equipment, and related depreciation, in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many school sites have low values because the District acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation. Comparative financial information as of June 30 from the Statement of Net Position is summarized in the following table:

	June 30, 2025	June 30, 2024	Variance	% Diff
Capital Assets	\$952,771,311	\$735,399,429	\$217,371,882	30%
Other Assets	723,492,034	1,069,195,352	(345,703,318)	-32%
Total Assets	1,676,263,345	1,804,594,781	(128,331,436)	-7%
Deferred Outflows of Resources	278,464,393	224,458,549	54,005,844	24%
Current and Other Liabilities	268,590,449	178,749,175	89,841,274	50%
Long-Term Liabilities	1,662,711,233	1,734,733,071	(72,021,838)	-4%
Total Liabilities	1,931,301,682	1,913,482,246	17,819,436	1%
Deferred Inflows of Resources	216,605,156	266,181,205	(49,576,049)	-19%
Net Investment in Capital Assets (net of related debt)	202,607,554	194,418,392	8,189,162	4%
Restricted Net Position	253,837,745	263,585,549	(9,747,804)	-4%
Unrestricted Net Position	(649,624,399)	(608,614,062)	(41,010,337)	7%
Total Net Position	\$(193,179,100)	\$(150,610,121)	\$(42,568,979)	28%

At the end of fiscal year 2024-25, the District had a total value of \$1,780,998,320 in capital assets. Capital assets include land, buildings, site improvements, equipment and work in progress. Total accumulated depreciation amounted to \$828,227,009. Net capital assets totaled \$952,771,311, an increase of \$217,371,882 from prior year.

Current and other liabilities include accounts payable, unpaid self-insurance claims and unearned revenue. The District ended the year with a total of \$1,931,301,682 in outstanding obligations, which was an increase of \$17,819,436 over the prior year. The primary reason for the increase in liabilities was an increase of current and other liabilities of \$89,841,274, offset by a decrease in Long-Term Liabilities of \$72,021,838.

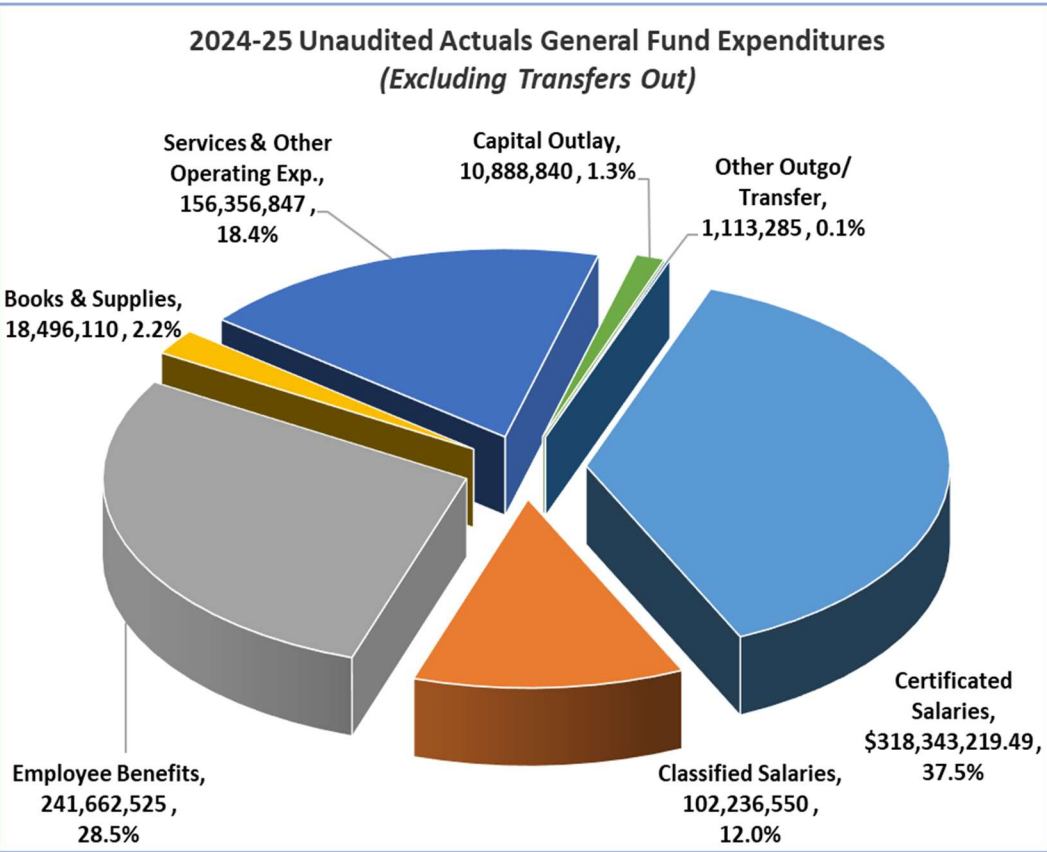
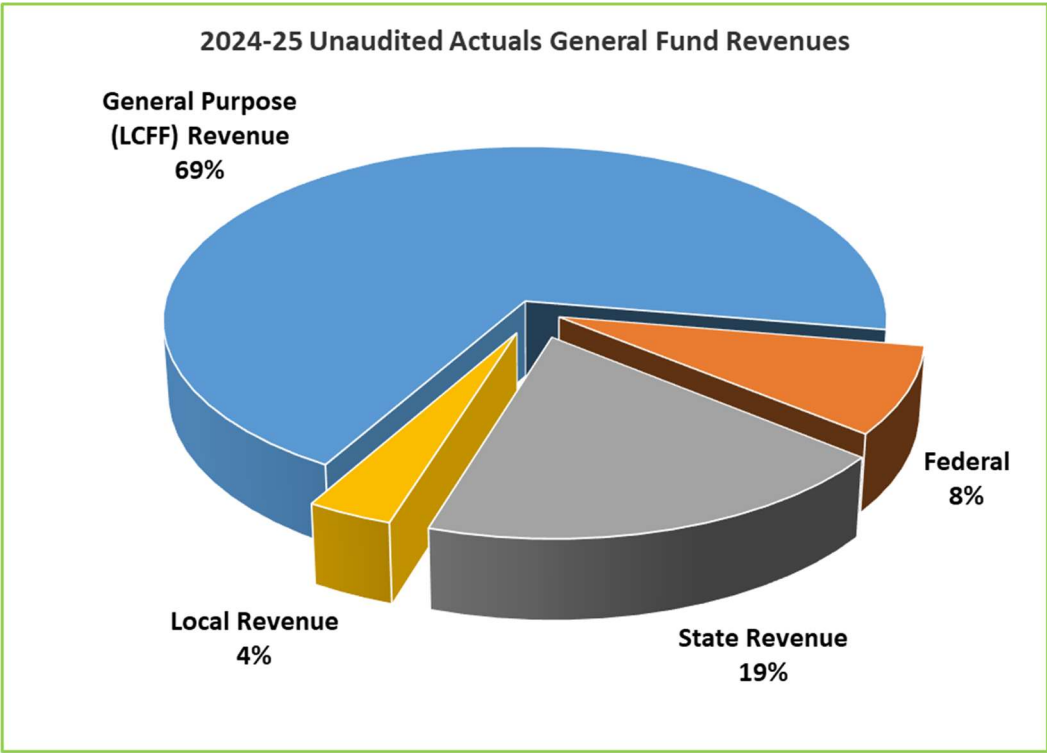
The Statement of Activities is a district-wide financial statement that reports the District's cost of instruction and other district activities, and the resources that fund individual and general activities of the District. Comparative financial information of the District's governmental activities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

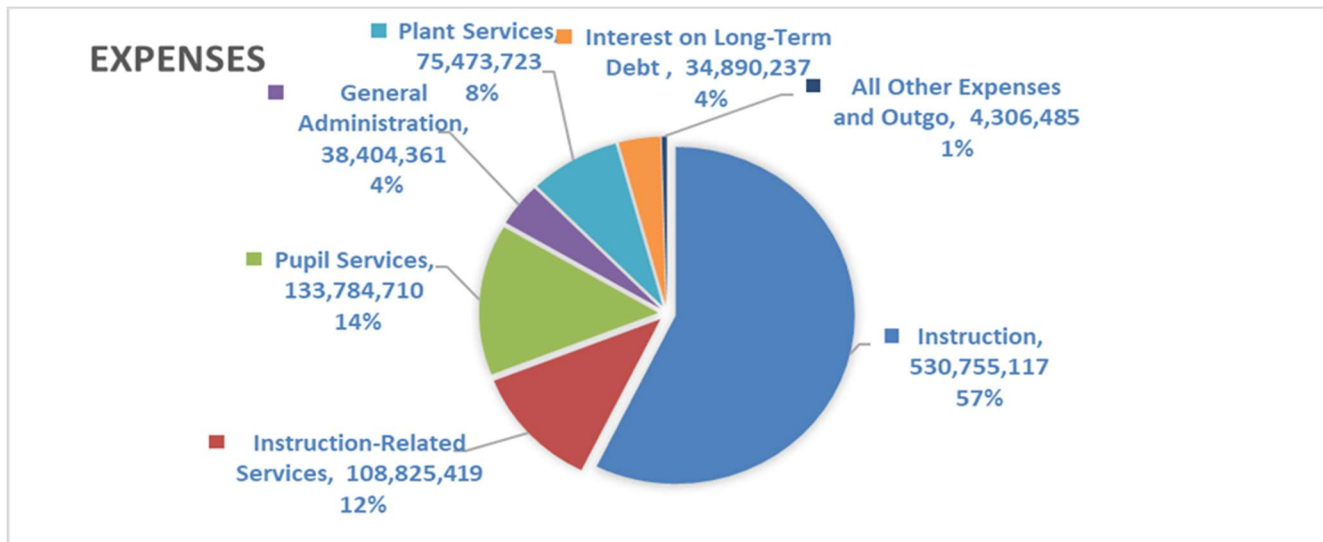
	June 30, 2025	June 30, 2024	Variance	% Diff
Expenses				
Governmental Activities:				
Instruction	\$530,746,317	\$506,810,831	\$23,935,486	5%
Instruction-Related Services	108,825,419	99,403,572	9,421,847	9%
Pupil Services	133,784,710	113,734,534	20,050,176	18%
General Administration	38,404,361	38,507,802	(103,441)	0%
Plant Services	75,473,723	63,888,250	11,585,473	18%
Interest on Long-Term Debt	34,890,237	39,739,325	(4,849,088)	-12%
All Other Expenses and Outgo	4,306,485	8,600,158	(4,293,673)	-50%
Total Governmental Activity Expenses	\$926,431,252	\$870,684,472	\$55,746,780	6%

Revenues				
Charges for Services	\$13,014,601	\$3,474,919	\$9,539,682	275%
Operating Grants and Contributions	254,034,635	333,390,421	(79,355,786)	-24%
Capital Grants and Contributions	-	2,046,702	(2,046,702)	-100%
Taxes Levied for General Purposes	151,262,801	146,740,732	4,522,069	3%
Taxes Levied for Debt and Special Purposes	78,863,118	62,722,667	16,140,451	26%
Unrestricted Federal and State Aid	377,735,261	451,291,588	(73,556,327)	-16%
Interest and Investment Earnings	12,972,719	24,437,831	(11,465,112)	-47%
Interagency Revenues	1,341,490	1,086,827	254,663	23%
Miscellaneous	10,059,579	12,374,372	(2,314,793)	-19%
Total Governmental Activity Revenues	\$899,284,204	\$1,037,566,059	(138,281,855)	-13%

Change in Net Position	(\$27,147,048)	\$166,881,587	(\$194,028,635)	-116%
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The District overall experienced a \$42,568,979 decrease in governmental activities net position. This is the combined effect of the change in net position for the year, and the impact of implementing GASB 101 – *Compensated Absences*, which is further described in Note 1 to the financial statements which follow this section. Total revenues decreased by 13% or \$138,281,855 from fiscal year 2023-24, primarily due to a decrease in operating grants and contributions, unrestricted federal and state aid and interest and investment earnings, offset by taxes levied for debt and special purposes. Total expenditures increased by 6% or \$55,755,580 from the 2023-24 fiscal year. The increase in expenditures is primarily due to an increase in pupil services, plant services and in smaller part due to increase in instruction-related services, offset by a decrease in interest on long-term debt and other expenses.





Fund Financial Statements

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

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

The District has three kinds of funds:

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

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to account for revised and new categorical funding appropriations and related expenditures, and to update budgets for prior year carryover amounts. The budget may also be revised to reflect mid-year changes to the State Budget which affect district funding. Additionally, the District is required to prepare expenditure reports and must include multi-year projections at least twice a year. The following table summarizes the General Fund budget to actual information for the year ended June 30, 2025:

	Adopted Budget	Year End Budget	Actual
Total Revenues	\$668,120,006	\$694,475,766	\$705,344,596
Total Expenditures	\$761,345,640	\$802,571,704	\$846,885,948
Total Other Financing Sources/Uses)	\$4,462,949	\$4,649,335	\$2,051,301

The net revenue increase of \$10,868,830 between the Adopted Budget and Year-End Budget is due to one-time increases in Federal revenue due to a Federal Emergency Management Agency (FEMA) reimbursement from prior year expenditures used to address expenses related to the pandemic, an unbudgeted Clean School Bus Rebate, as well as increases in ongoing expenditures in Title I and the Special Education Basic Grant. The District also realized unprojected revenue at adoption from the Universal Pre-K Planning Grant, Community Schools Implementation Grant, and the Career Tech Incentive Grant, Community

The net increase to the total expenditure budget between Adopted and Year End Budget was \$41,226,064 primarily due to increases in teacher and instructional aid salaries and expenditures in Arts & Music In Schools grant, Expanded Learning and other sub-agreements for services and contracts in the base General fund.

Actual revenues were \$705,344,596 or 1.6% higher than the Year End Budget of \$694,475,766, which was relatively flat. Actual expenditures were \$846,885,948 or 5.8% higher than the Year End Budget of \$802,571,704 due to unbudgeted expenditures being realized and/or accrued at year end.

The following table summarizes the General Fund financial statements for the year ended June 30, 2025:

Total Revenues	\$705,344,596
Total Expenditures	\$849,097,374
Total Other Financing Sources/ (Uses)	\$2,051,301
Net Change in Fund Balance	(\$141,701,477)

District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and are identified as the District's "Net Ending Balance." Included within the projected net ending balance is a "reserve for economic uncertainties." The State requires districts of this size to retain an amount equal to 2% of budgeted expenditures to cover unforeseen shortfalls in revenues or expenditures greater than budgeted. Also included in the net ending balance are carryover balances that originated from sources that can only be used for specific purposes. These "restricted" resources can only be spent on the purposes determined by the grantor, and the balances in these accounts carry the same restrictions as the originating revenue.

The District also has the option of committing or assigning the ending balance. Committing funds requires the Board of Education to designate the funds for any purpose by a majority vote at a Board meeting. Once the funds are committed, the amounts cannot be used for any other purpose unless the Board takes action to remove or change the constraints for the committed funds. The Board has not taken any action in 2024-25 to commit funds. Assigned ending balances are constrained by the District's intent but are neither restricted nor committed. An example of assignment is designating the ending balance to be used for a future textbook adoption.

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

Ending Fund Balances	June 30, 2025	June 30, 2024	Difference
Fund 01 General	\$157,129,658	\$298,831,135	(\$141,701,477)
Fund 08 Student Activity Fund	\$1,670,479	\$1,668,396	\$2,083
Fund 09 Charter Schools	\$12,703,316	\$15,685,391	(\$2,982,075)
Fund 11 Adult Education	\$571,941	\$167,168	\$404,773
Fund 12 Child Development	\$4,367,520	\$3,561,647	\$805,873
Fund 13 Cafeteria	\$11,489,022	\$16,811,123	(\$5,322,101)
Fund 21 Building	\$203,187,818	\$457,848,204	(\$254,660,386)
Fund 25 Developer Fees	\$37,652,572	\$30,852,823	\$6,799,749
Fund 35 County School Facilities Fund	\$3,343	\$3,237	\$106
Fund 49 Community Facilities	\$3,889,166	\$2,710,750	\$1,178,416
Fund 51 Bond Interest and Redemption	\$74,813,793	\$65,299,262	\$9,514,531
Fund 67 Self Insurance	\$11,901,319	\$12,168,009	(\$266,690)

Capital Projects

Modernization and construction projects are scheduled to continue as we update our existing facilities and continue to close out construction projects. With the passage of Bond Measures Q and R in 2012 and Measure H in 2020, the District continues facility improvements, modernization and construction projects that enhance the learning environment.

Total Expenditures for Fiscal Year Ended June 30, 2025

<u>Measure Q Total</u>	<u>\$ 30,524,239</u>
• Program Management Expenditures	287,925
• Completed Project Expenditures:	
▪ School and Classroom Improvements	16,992,742
▪ Core Academic Renovation	9,449,275
▪ Modernization, Repair & Upgrades	3,794,297
<u>Measure H Total</u>	<u>\$ 235,364,605</u>
• Program Management Expenditures	3,015,039
• In Progress Project Expenditures:	
▪ Academic and Safety Equal Access	151,355,740
▪ PE and Athletic Programs	37,662,037
▪ Safety and Security Improvements	1,300,735
▪ School and Classroom Improvements	33,605,621
▪ Technology Enhancements	3,785,549
▪ Modernization, Repair & Upgrades	4,639,883

Summary of Future Projects as of June 30, 2025

<u>Project Year(s)</u>	<u>Projects</u>	<u>Estimated Budget</u>
<u>Measure H Total</u>		<u>\$ 442,852,736</u>
2025-2028	Academic and Safety Equal Access – New Construction and Major Modernization	\$ 360,636,308
2025-2028	School and Classroom Improvements – Campus Renewal / Furniture Replacement / Sustainability/Energy Reduction / STEAM and CTE Programs	\$ 41,334,226
2025-2028	Safety and Security Improvements – Safety / Path of Travel Remediation	\$ 15,533,549
2025-2028	PE and Athletic Programs - Playground Structures	\$ 5,226,448
2025-2028	Technology Enhancements	\$17,849,554
2025-2028	Program Management	\$ 2,272,651

District Indebtedness

As of June 30, 2025, the District has incurred \$1,712,096,015 in long-term liabilities. Of this amount, \$847,173,447 are General Obligation Bonds and Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002, 2012 and 2020, and \$45,680,000 is Lease Revenue Bonds, backed by Developer Fees and Mello-Roos Community Facilities funds.

Financial Outlook

The overall financial strategy underscores anticipation of an improved State Budget and increased funding, contingent on stable or growing enrollment. Ongoing risks include a continued projected decline in ADA, increased operating expenditures, such as rising special education costs and pension and health premium increases, and uncertain future state resources. However, the District is projecting improved fiscal stability due to the increase in on-going state funding and the expanding TK program.

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

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

The District is aware of certain events and conditions which, when considered in the aggregate, raise uncertainties about the District's financial future. These conditions primarily include budgetary deficits for the upcoming fiscal year 2025-26 and the succeeding two fiscal years. Management and the Board of Education are in the process of taking decisive actions to alleviate the effects of these known conditions, to ensure that the district financial health is on a path to success.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 2)	\$ 642,451,452	\$ 46,126	\$ 642,497,578
Receivables	79,438,738	883	79,439,621
Internal balances	(699)	699	-
Stores inventory	1,597,870	-	1,597,870
Prepaid expenses	4,673	-	4,673
Non-depreciable capital assets (Note 4)	318,093,946	-	318,093,946
Depreciable capital assets, net of accumulated depreciation (Note 4)	634,677,365	-	634,677,365
Total assets	<u>1,676,263,345</u>	<u>47,708</u>	<u>1,676,311,053</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions (Notes 8 and 9)	234,481,890	5,100	234,486,990
Deferred outflows of resources - OPEB (Note 10)	43,414,312	-	43,414,312
Deferred loss on refunding of debt	568,191	-	568,191
Total deferred outflows of resources	<u>278,464,393</u>	<u>5,100</u>	<u>278,469,493</u>
LIABILITIES			
Accounts payable	212,974,057	8,488	212,982,545
Unpaid claims and claim adjustment expenses (Note 5)	380,772	-	380,772
Unearned revenue	5,864,538	-	5,864,538
Long-term liabilities (Note 6):			
Due within one year	49,371,082	-	49,371,082
Due after one year	1,662,711,233	13,700	1,662,724,933
Total liabilities	<u>1,931,301,682</u>	<u>22,188</u>	<u>1,931,323,870</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - OPEB (Note 10)	148,503,184	-	148,503,184
Deferred inflows of resources - pensions (Notes 8 and 9)	58,067,800	200	58,068,000
Deferred gain on refunding of debt	10,034,172	-	10,034,172
Total deferred inflows of resources	<u>216,605,156</u>	<u>200</u>	<u>216,605,356</u>
NET POSITION			
Net investment in capital assets	202,607,554	-	202,607,554
Restricted:			
Legally restricted programs	125,577,552	-	125,577,552
Capital projects	41,545,081	-	41,545,081
Debt service	74,813,793	-	74,813,793
Self-Insurance	11,901,319	-	11,901,319
Unrestricted	(649,624,399)	30,420	(649,593,979)
Total net position	<u>\$ (193,179,100)</u>	<u>\$ 30,420</u>	<u>\$ (193,148,680)</u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 530,746,317	\$ 6,444,127	\$ 127,226,765	\$ -	\$ (397,075,425)	\$ -	\$ (397,075,425)
Instruction-related services:							
Supervision and administration	53,107,074	10,050	23,248,865	-	(29,848,159)	-	(29,848,159)
Library, media and technology	4,768,414	359	656,907	-	(4,111,148)	-	(4,111,148)
School site administration	50,949,931	6,016	5,616,266	-	(45,327,649)	-	(45,327,649)
Pupil services:							
Home-to-school transportation	18,617,441	-	(504,120)	-	(19,121,561)	-	(19,121,561)
Food services	45,836,270	38,857	42,053,012	-	(3,744,401)	-	(3,744,401)
All other pupil services	69,330,999	43,938	21,523,789	-	(47,763,272)	-	(47,763,272)
General administration:							
Centralized data processing	5,925,486	-	136	-	(5,925,350)	-	(5,925,350)
All other general administration	32,478,875	4,352	7,034,249	-	(25,440,274)	-	(25,440,274)
Plant services	75,473,723	69,345	1,781,194	-	(73,623,184)	-	(73,623,184)
Ancillary services	2,618,602	-	2,088,046	-	(530,556)	-	(530,556)
Community services	539,303	705	2,741	-	(535,857)	-	(535,857)
Enterprise activities	45,678	-	-	-	(45,678)	-	(45,678)
Other outgo	1,102,902	6,396,852	23,306,785	-	28,600,735	-	28,600,735
Interest on long-term liabilities	34,890,237	-	-	-	(34,890,237)	-	(34,890,237)
Total governmental activities	926,431,252	13,014,601	254,034,635	-	(659,382,016)	-	(659,382,016)
Business-Type activities:							
Enterprise activities	65,620	-	-	-	-	(65,620)	(65,620)
Total governmental and business-type activities	<u>\$ 926,496,872</u>	<u>\$ 13,014,601</u>	<u>\$ 254,034,635</u>	<u>\$ -</u>	<u>(659,382,016)</u>	<u>(65,620)</u>	<u>(659,447,636)</u>
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					151,262,801	-	151,262,801
Taxes levied for debt service					72,490,056	-	72,490,056
Taxes levied for other specific purposes					6,373,062	-	6,373,062
Federal and state aid not restricted to specific purposes					377,735,261	-	377,735,261
Interest and investment earnings					12,972,719	1,663	12,974,382
Interagency revenues					1,341,490	-	1,341,490
Miscellaneous					10,059,579	48,931	10,108,510
Total general revenues					632,234,968	50,594	632,285,562
Change in net position					(27,147,048)	(15,026)	(27,162,074)
Net position, July 1, 2024					(150,610,121)	45,446	(150,564,675)
Restatement for GASB 101 implementation (Note 1)					(15,421,931)	-	(15,421,931)
Net position, July 1, 2024, restated					(166,032,052)	45,446	(165,986,606)
Net position, June 30, 2025					<u>\$ (193,179,100)</u>	<u>\$ 30,420</u>	<u>\$ (193,148,680)</u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 238,438,329	\$ 118,230,725	\$ 76,208,513	\$ 60,338,653	\$ 493,216,220
Cash in banks	163,483	377,816	-	7,449,624	7,990,923
Cash in revolving fund	150,000	-	-	2,000	152,000
Cash with Fiscal Agent	-	129,174,952	-	-	129,174,952
Collections awaiting deposit	-	-	-	14,650	14,650
Receivables	57,821,107	2,425,375	1,167,413	17,815,015	79,228,910
Due from other funds	9,448,381	5,003	-	4,492,817	13,946,201
Stores inventory	103,201	-	-	1,494,669	1,597,870
Prepaid expenditures	-	-	-	4,673	4,673
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,673</u>	<u>4,673</u>
 Total assets	 <u>\$ 306,124,501</u>	 <u>\$ 250,213,871</u>	 <u>\$ 77,375,926</u>	 <u>\$ 91,612,101</u>	 <u>\$ 725,326,399</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 140,073,515	\$ 45,991,870	\$ 2,562,133	\$ 8,187,337	\$ 196,814,855
Unearned revenue	2,839,018	-	-	3,025,520	5,864,538
Due to other funds	6,082,310	1,034,183	-	8,051,885	15,168,378
	<u>148,994,843</u>	<u>47,026,053</u>	<u>2,562,133</u>	<u>19,264,742</u>	<u>217,847,771</u>
 Total liabilities	 <u>148,994,843</u>	 <u>47,026,053</u>	 <u>2,562,133</u>	 <u>19,264,742</u>	 <u>217,847,771</u>
 Fund balances:					
Nonspendable	253,201	-	-	1,501,342	1,754,543
Restricted	94,775,274	203,187,818	74,813,793	70,846,017	443,622,902
Unassigned	62,101,183	-	-	-	62,101,183
	<u>157,129,658</u>	<u>203,187,818</u>	<u>74,813,793</u>	<u>72,347,359</u>	<u>507,478,628</u>
 Total fund balances	 <u>157,129,658</u>	 <u>203,187,818</u>	 <u>74,813,793</u>	 <u>72,347,359</u>	 <u>507,478,628</u>
 Total liabilities and fund balances	 <u>\$ 306,124,501</u>	 <u>\$ 250,213,871</u>	 <u>\$ 77,375,926</u>	 <u>\$ 91,612,101</u>	 <u>\$ 725,326,399</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, 2025

Total fund balances - Governmental Funds	\$ 507,478,628
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,780,998,320 and the accumulated depreciation is \$828,227,009 (Note 4).	952,771,311
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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, 2025 consisted of (Note 6):

General Obligation Bonds	\$ (847,173,447)	
Accreted interest	(23,711,762)	
Lease Revenue Bonds	(45,680,000)	
Debt issuance premiums	(51,032,147)	
Net pension liability (Notes 8 and 9)	(480,388,300)	
Net OPEB liability (Note 10)	(237,693,537)	
Compensated absences	(26,403,122)	(1,712,082,315)

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:	11,901,319
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In the governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred:	(15,107,280)
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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.	568,191
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Gains on the refunding of debt are recognized as income in the period they are incurred. In the government-wide statements, they are categorized as deferred inflows and are amortized over the life of the related debt.	(10,034,172)
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(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET -
TO THE STATEMENT OF NET POSITION
June 30, 2025

In governmental funds, deferred outflows and inflows of resources relating to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported (Note 10).

Deferred outflows of resources relating to OPEB	\$ 43,414,312	
Deferred inflows of resources relating to OPEB	<u>(148,503,184)</u>	\$ (105,088,872)

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 8 and 9).

Deferred outflows of resources relating to pensions	234,481,890	
Deferred inflows of resources relating to pensions	<u>(58,067,800)</u>	<u>176,414,090</u>
Total net position - governmental activities		<u>\$ (193,179,100)</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, 2025

	General Fund	Building Fund	(Formerly Non-Major) Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local control funding formula (LCFF):					
State apportionment	\$ 353,593,989	\$ -	\$ -	\$ 18,904,719	\$ 372,498,708
Local sources	135,078,972	-	-	-	135,078,972
Total LCFF	488,672,961	-	-	18,904,719	507,577,680
Federal sources	56,715,029	-	1,152,813	41,683,484	99,551,326
Other state sources	135,317,105	-	406,627	24,352,632	160,076,364
Other local sources	24,639,501	12,791,455	83,789,471	20,756,803	141,977,230
Total revenues	705,344,596	12,791,455	85,348,911	105,697,638	909,182,600
Expenditures:					
Current:					
Certificated salaries	318,343,227	-	-	18,627,504	336,970,731
Classified salaries	102,236,542	885,508	-	22,101,470	125,223,520
Employee benefits	241,662,526	522,442	-	25,754,357	267,939,325
Books and supplies	18,496,104	4,510,184	-	23,100,694	46,106,982
Contract services and operating expenditures	156,367,233	1,221,379	-	7,377,920	164,966,532
Other outgo	1,102,902	-	-	-	1,102,902
Capital outlay	10,888,840	260,312,328	-	335,204	271,536,372
Debt service:					
Principal retirement	-	-	37,866,992	3,265,000	41,131,992
Interest	-	-	37,967,388	2,197,364	40,164,752
Total expenditures	849,097,374	267,451,841	75,834,380	102,759,513	1,295,143,108
(Deficiency) excess of revenues (under) over expenditures	(143,752,778)	(254,660,386)	9,514,531	2,938,125	(385,960,508)
Other financing sources (uses):					
Transfers in	5,470,075	-	-	3,418,774	8,888,849
Transfers out	(3,418,774)	-	-	(5,470,075)	(8,888,849)
Total other financing sources (uses)	2,051,301	-	-	(2,051,301)	-
Change in fund balances	(141,701,477)	(254,660,386)	9,514,531	886,824	(385,960,508)
Fund balances, July 1, 2024	298,831,135	457,848,204	-	136,759,797	893,439,136
Changes within the reporting entity	-	-	65,299,262	(65,299,262)	-
Fund balances, July 1, 2024, as adjusted	298,831,135	457,848,204	65,299,262	71,460,535	893,439,136
Fund balances, June 30, 2025	\$ 157,129,658	\$ 203,187,818	\$ 74,813,793	\$ 72,347,359	\$ 507,478,628

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, 2025

Net change in fund balances - Total Governmental Funds	\$ (385,960,508)
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).	270,616,927
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(53,245,045)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	41,131,992
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	875,153
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the liability in the statement of net position. (Note 6).	4,028,516
In governmental funds, deferred inflows and deferred outflows of resources are not recognized. In the government-wide statements, deferred inflows and deferred outflows of resources are amortized over the life of the debt. The net activity in the deferred outflow for the current year is:	317,158
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.	53,688
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:	(266,690)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 8 and 9):	22,422,386

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6).	\$ (2,789,545)
In the statement of activities, expenses related to net OPEB liability are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 6 and 10).	<u>75,668,920</u>
Change in net position of governmental activities	<u><u>\$ (27,147,048)</u></u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION – PROPRIETARY FUNDS
June 30, 2025

	Business-Type <u>Activities</u> Cafeteria Enterprise <u>Fund</u>	Governmental <u>Activities</u> Self Insurance <u>Fund</u>
ASSETS		
Current assets:		
Cash and investments:		
Cash in County Treasury	\$ 41,281	\$ 11,651,465
Cash in banks	4,845	1,242
Cash with Fiscal Agent	-	250,000
Receivables	883	209,828
Due from other funds	793	1,221,824
	<u>47,802</u>	<u>13,334,359</u>
Total current assets		
	<u>47,802</u>	<u>13,334,359</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources - pensions	5,100	-
	<u>5,100</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	8,488	1,051,922
Due to other funds	94	346
Unpaid claims and claim adjustment expenses	-	380,772
	<u>8,582</u>	<u>1,433,040</u>
Current liabilities		
	<u>8,582</u>	<u>1,433,040</u>
Non-current Liabilities:		
Net pension liability (Note 9)	13,700	-
	<u>13,700</u>	<u>-</u>
Total liabilities		
	<u>22,282</u>	<u>1,433,040</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pensions	200	-
	<u>200</u>	<u>-</u>
NET POSITION		
Restricted - self-insurance programs	-	11,901,319
Unrestricted	30,420	-
	<u>30,420</u>	<u>-</u>
Total net position		
	<u>\$ 30,420</u>	<u>\$ 11,901,319</u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN
NET POSITION – PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-Type Activities Cafeteria Enterprise Fund	Governmental Activities Self Insurance Fund
Operating revenues:		
Self insurance premiums	\$ -	\$ 16,341,542
Other local revenue	48,931	-
	<u>48,931</u>	<u>-</u>
Total operating revenues	<u>48,931</u>	<u>16,341,542</u>
Operating expenses:		
Classified salaries	17,281	580,871
Employee benefits	12,981	327,269
Books and supplies	20,754	277,226
Contract services	14,604	503,368
Provision for claims and claim adjustment expenses	-	15,295,135
	<u>65,620</u>	<u>16,983,869</u>
Total operating expenses	<u>65,620</u>	<u>16,983,869</u>
Net operating loss	(16,689)	(642,327)
Non-operating income:		
Interest income	1,663	375,637
	<u>1,663</u>	<u>375,637</u>
Change in net position	(15,026)	(266,690)
Total net position, July 1, 2024	<u>45,446</u>	<u>12,168,009</u>
Total net position, June 30, 2025	<u>\$ 30,420</u>	<u>\$ 11,901,319</u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-Type <u>Activities</u> Cafeteria Enterprise <u>Fund</u>	Governmental <u>Activities</u> Self Insurance <u>Fund</u>
Cash flows provided by operating activities:		
Cash received from self-insurance premiums or other revenues	\$ 57,088	\$ 16,375,138
Cash paid for employee benefits	(21,462)	(908,140)
Cash paid for claims	-	(15,273,738)
Cash paid for other expenses	(27,009)	9,450
	<u>8,617</u>	<u>202,710</u>
Net cash provided by operating activities	8,617	202,710
Cash flows provided by investing activities:		
Interest income received	1,663	375,637
	<u>1,663</u>	<u>375,637</u>
Change in cash and investments	10,280	578,347
Cash and investments, July 1, 2024	35,846	11,324,360
	<u>35,846</u>	<u>11,324,360</u>
Cash and investments, June 30, 2025	<u>\$ 46,126</u>	<u>\$ 11,902,707</u>
Reconciliation of net operating loss to net cash provided by operating activities:		
Net operating loss	\$ (16,689)	\$ (642,327)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
(Increase) decrease in:		
Receivables	36	33,596
Due from other funds	8,057	(4,444)
Deferred outflows of resources	(5,100)	-
Increase in:		
Unpaid claims and claim adjustment expenses	-	21,397
Net pension liability	13,700	-
Deferred inflows of resources	200	-
Accounts payable	8,349	794,451
Due to other funds	64	37
	<u>25,306</u>	<u>845,037</u>
Total adjustments	25,306	845,037
Net cash provided by operating activities	<u>\$ 8,617</u>	<u>\$ 202,710</u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2025

	Scholarship <u>Trust</u>
ASSETS	
Cash and investments:	
Cash on hand and in banks (Note 2)	\$ 444,154
	<u> </u>
NET POSITION	
Restricted for scholarships	\$ 444,154
	<u> </u>

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2025

	Scholarship <u>Trust</u>
Additions:	
Other local sources	\$ <u>70,109</u>
Deduction:	
Contract services and operating expenditures	<u>61,474</u>
Change in net position	8,635
Net position, July 1, 2024	<u>435,519</u>
Net position, June 30, 2025	<u><u>\$ 444,154</u></u>

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

A - Manifestations of Oversight

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

B - Accounting for Fiscal Matters

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Scope of Public Service and Financial Presentation

1. The Corporation and the Authority were created for the sole purpose of financially assisting the District.
2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Authority was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to the California Government Code, commencing with Section 6500. The Corporation and the Authority were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation and Authority facilities. When the Authority's Lease Revenue Bonds have been paid with state reimbursements and the District's developer fees, title of all Corporation and Authority property will pass to the District for no additional consideration.
3. The Corporation's and the Authority's financial activity is presented in the financial statements in the Building Fund. Lease Revenue Bonds issued by the Authority are included in the government-wide financial statements. There are currently no outstanding Certificates of Participation under the Corporation as of June 30, 2025.

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

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

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds:

1. **General Fund:** The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to other funds, are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.
2. **Building Fund:** The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of capital facilities by the District.
3. **Bond Interest and Redemption Fund:** The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. All records relating to the Bond Interest and Redemption Fund are maintained by the Sacramento County Auditor-Controller. The revenue for this fund is raised by school district taxes which are levied, collected, and administered by County officials. The Education Code stipulates that the tax rate levied shall be sufficient to provide monies for the payment of principal and interest as they become due on outstanding school district bonds.

B - Other Funds:

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

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

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

The Cafeteria Enterprise Fund is an enterprise fund within the District to operate a food service program including non-student related catering programs and other local food programs.

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Receivables: Receivables are made up principally of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was required as of June 30, 2025.

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

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 171,472,178	\$ 63,014,812	\$ 234,486,990
Deferred inflows of resources	\$ 55,627,000	\$ 2,441,000	\$ 58,068,000
Net pension liability	\$ 311,637,000	\$ 168,765,000	\$ 480,402,000
Pension expense	\$ 55,582,152	\$ 32,006,940	\$ 87,589,092

Compensated Absences: Compensated absence benefits in the amount of \$26,403,122 are recorded as a long-term liability of the District. The liability represents earned but unused vacation and other leave balances which are more likely than not to be paid or used. In accordance with the provisions of both STRP and PERF B, when an employee retires, all unused sick leave is added to the creditable service period for the calculation of the employee's retirement benefits.

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

Net Position: Net position is displayed in three components:

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2025, 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, 2025, 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.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

New Accounting Pronouncements: In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*, and made effective for fiscal years beginning after December 15, 2023. GASB Statement No. 101 requires recognition of a liability for leave when earned if it is attributable to services already rendered and is expected to be paid. The liability includes vacation, sick leave, and other forms of paid time off that accumulate and vest or are expected to be used in future periods. Based on the implementation of GASB Statement No. 101, the District restated its beginning net position of governmental activities and beginning long-term liabilities for a total of \$15,421,931.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025 are reported at fair value and consisted of the following:

	Governmental Activities			Business-Type Activities	Fiduciary Activities
	Governmental Funds	Proprietary Fund	Total		
Pooled Funds:					
Cash in County Treasury	\$ 493,216,220	\$ 11,651,465	\$ 504,867,685	\$ 41,281	\$ -
Deposits:					
Cash on hand and in banks	7,990,923	1,242	7,992,165	4,845	444,154
Cash in revolving fund	152,000	-	152,000	-	-
Collections awaiting deposit	14,650	-	14,650	-	-
Total deposits	8,157,573	1,242	8,158,815	4,845	444,154
Investments:					
Cash with Fiscal Agent	129,174,952	250,000	129,424,952	-	-
Total cash and investments	\$ 630,548,745	\$ 11,902,707	\$ 642,451,452	\$ 46,126	\$ 444,154

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2025, the carrying amount of the District's accounts was \$8,607,814 and the bank balances were \$8,652,782. \$1,013,849 of the bank balances were FDIC insured and \$7,638,933 remained uninsured.

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

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025, 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, 2025, the District had no concentration of credit risk.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the funds which incur payroll costs, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2025 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 9,448,381	\$ 6,082,310
Building Fund	5,003	1,034,183
Non-Major Funds:		
Charter Schools	1,828,156	341,361
Adult Education	2,659,932	5,374,726
Child Development	4,729	1,551,341
Cafeteria	-	605,288
Developer Fees	-	179,169
Proprietary Funds:		
Cafeteria Enterprise	793	94
Self-Insurance	1,221,824	346
Totals	<u>\$ 15,168,818</u>	<u>\$ 15,168,818</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – INTERFUND TRANSACTIONS (Continued)

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

Transfers for the 2024-2025 fiscal year were as follows:

Transfer from the Charter Schools Fund to the General Fund for Charter fees.	\$ 3,258,653
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	111,295
Transfer from the General Fund to the Adult Education Fund for the annual contribution.	2,656,774
Transfer from the Adult Education Fund to the General Fund for indirect costs.	120,235
Transfer from the Child Development Fund to the General Fund for indirect costs.	753,985
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	1,225,907
Transfer from the General Fund to the Charter School Fund for a board-approved operational contribution.	<u>762,000</u>
	<u><u>\$ 8,888,849</u></u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2025 is shown below:

	Balance July 1, <u>2024</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2025</u>
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 21,197,040	\$ -	\$ -	\$ 21,197,040
Work-in-process	99,050,767	251,165,398	53,319,259	296,896,906
Depreciable:				
Buildings	1,068,437,187	29,794,440	-	1,098,231,627
Site improvements	254,246,761	39,067,736	-	293,314,497
Equipment	<u>67,630,976</u>	<u>3,908,612</u>	<u>181,338</u>	<u>71,358,250</u>
Totals, at cost	<u>1,510,562,731</u>	<u>323,936,186</u>	<u>53,500,597</u>	<u>1,780,998,320</u>
Less accumulated depreciation:				
Buildings	(574,938,903)	(39,549,727)	-	(614,488,630)
Site improvements	(142,741,045)	(11,370,443)	-	(154,111,488)
Equipment	<u>(57,483,354)</u>	<u>(2,324,875)</u>	<u>(181,338)</u>	<u>(59,626,891)</u>
Total accumulated depreciation	<u>(775,163,302)</u>	<u>(53,245,045)</u>	<u>(181,338)</u>	<u>(828,227,009)</u>
Capital assets, net	<u>\$ 735,399,429</u>	<u>\$ 270,691,141</u>	<u>\$ 53,319,259</u>	<u>\$ 952,771,311</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 47,933,802
Food services	2,236,258
All other pupil services	1,214,377
Community services	83,648
All other general administration	1,099,219
Plant services	<u>677,741</u>
Total depreciation expense	<u>\$ 53,245,045</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – SELF-INSURANCE

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

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

District management recomputes the liability annually using available updated claims data. Annually, the District obtains an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors. The liability for workers compensation is based on an actuarial study dated June 30, 2025 and June 30, 2024 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

	June 30, <u>2024</u>	June 30, <u>2025</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 300,701	\$ 359,375
Total incurred claims and claim adjustment expenses	15,322,290	15,295,135
Total payments	<u>(15,263,616)</u>	<u>(15,273,738)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 359,375</u>	<u>\$ 380,772</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2025 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2024</u>	<u>Current Year Issuance</u>	<u>Current Year Refunded & Matured</u>	<u>Balance June 30, 2025</u>
2002 Election Series 2007 (CAB)	4.6 - 4.8%	2032	\$ 21,110,439	\$ -	\$ 2,466,992	\$ 18,643,447
2012 Election, 2013 Series B	5.7%	2038	40,000,000	-	-	40,000,000
2014 Refunding Bonds	2.0 - 5.0%	2027	16,240,000	-	4,945,000	11,295,000
2015 Refunding Bonds	2.0 - 5.0%	2030	6,435,000	-	2,145,000	4,290,000
2012 Election, 2015 Series C-1	2.0 - 5.0%	2041	48,970,000	-	-	48,970,000
2012 Election, 2016 Series D	2.0 - 4.0%	2041	10,240,000	-	440,000	9,800,000
2012 Election, 2017 Series E	3.0 - 5.0%	2047	72,975,000	-	2,080,000	70,895,000
2012 Election, 2017 Series C	3.0 - 5.0%	2047	8,375,000	-	220,000	8,155,000
2012 Election, 2018 Series F	2.46%	2025	650,000	-	650,000	-
2012 Election, 2019 Series D	2.375 - 5.0%	2049	20,410,000	-	520,000	19,890,000
2012 Election, 2021 Series G	0.32% - 4.00%	2050	65,905,000	-	160,000	65,745,000
2021 Refunding Bonds	4.00%	2030	17,780,000	-	5,605,000	12,175,000
2020 Election, 2022 Series A	4.0 - 5.0%	2053	169,210,000	-	14,050,000	155,160,000
2022 Refunding Bonds	5.00%	2031	48,415,000	-	3,830,000	44,585,000
2024 Refunding, Series A	5.00%	2037	9,020,000	-	510,000	8,510,000
2024 Refunding, Series B	4.0 - 5.25%	2049	66,805,000	-	245,000	66,560,000
2020 Election, 2024 Series B	4.0 - 8.0%	2055	262,500,000	-	-	262,500,000
			<u>\$ 885,040,439</u>	<u>\$ -</u>	<u>\$ 37,866,992</u>	<u>\$ 847,173,447</u>

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 35,585,759	\$ 45,519,688	\$ 81,105,447
2027	34,262,433	43,557,605	77,820,038
2028	20,452,362	42,404,801	62,857,163
2029	27,271,322	41,613,316	68,884,638
2030	27,405,729	38,858,534	66,264,263
2031-2035	74,880,842	172,603,646	247,484,488
2036-2040	135,825,000	135,310,267	271,135,267
2041-2045	133,190,000	102,958,681	236,148,681
2046-2050	187,855,000	63,024,150	250,879,150
2051-2055	170,445,000	16,568,863	187,013,863
	<u>\$ 847,173,447</u>	<u>\$ 702,419,551</u>	<u>\$ 1,549,592,998</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

On July 16, 2013, the District issued Election of 2012, 2013 Series B General Obligation Bonds totaling \$40,000,000. Bond proceeds are to be used for construction related projects.

On January 30, 2014, the District issued 2014 General Obligation Refunding Bonds totaling \$44,535,000. Bond proceeds were used to refund a portion of the District's 2002 General Obligation Bonds, Series 2005.

On January 28, 2015, the District issued 2015 General Obligation Refunding Bonds totaling \$32,740,000. Bond proceeds were used to refund the District's 2002, General Obligation Bonds, Series 2005 and 2007.

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

On June 8, 2016, the District issued Election of 2012, 2016 Series D General Obligation Bonds totaling \$14,000,000. Bond proceeds are to be used for construction related projects.

On May 25, 2017, the District issued Election of 2012, 2017 Series C and Series E General Obligation Bonds totaling \$122,000,000. Bond proceeds are to be used for construction related projects.

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

On December 12, 2019, the District issued Election of 2012, 2019 Series D General Obligation Bonds totaling \$30,900,000. Bond proceeds are to be used for construction related projects.

On July 8, 2021, the District issued Election of 2012, 2021 Series G General Obligation Bonds totaling \$77,100,000. Bond proceeds are to be used for construction related projects.

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

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

On July 21, 2022, the District issued 2022 General Obligation Refunding Bonds totaling \$55,845,000. Bond proceeds were used to refund the remaining portion of the District's 2012 GO Refunding Bonds.

On February 22, 2024, the District issued 2024 General Obligation Refunding Bonds, Series A totaling \$9,020,000. Bond proceeds were used to refund all remaining maturities of the District's 2013 Series A General Obligation Bonds. The refunded maturities are fully repaid and no amounts remain outstanding.

On February 22, 2024, the District issued 2024 General Obligation Refunding Bonds, Series B totaling \$66,805,000. Bond proceeds were used to refund certain outstanding maturities of the District's 2015 Refunding, 2015 Series C-1, 2016 Series D, 2017 Series C, 2017 Series E, 2019 Series D, and 2022 Series A General Obligation Bonds. The refunded maturities are fully repaid and no amounts remain outstanding.

On June 22, 2024, the District issued Election of 2020, 2024 Series B General Obligation Bonds totaling \$262,500,000. Bond proceeds are to be used for construction related projects.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 235,000	\$ 923,000	\$ 1,158,000
2027	-	911,250	911,250
2028	-	911,250	911,250
2029	-	911,250	911,250
2030	-	911,250	911,250
2031-2035	4,590,000	4,444,250	9,034,250
2036-2040	13,635,000	2,111,500	15,746,500
	<u>\$ 18,460,000</u>	<u>\$ 11,123,750</u>	<u>\$ 29,583,750</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,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 3,215,000	\$ 1,113,298	\$ 4,328,298
2027	3,635,000	981,805	4,616,805
2028	3,785,000	833,133	4,618,133
2029	3,935,000	678,327	4,613,327
2030	4,100,000	517,385	4,617,385
2031-2033	8,550,000	614,319	9,164,319
	<u>\$ 27,220,000</u>	<u>\$ 4,738,267</u>	<u>\$ 31,958,267</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2025 is shown below:

	Balance July 1, 2024, as Originally Stated	Impact of GASB 101 Implementation	Restated Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Amounts Due Within One Year
<u>Governmental activities:</u>							
<i>Debt:</i>							
General Obligation Bonds	\$ 885,040,439	\$ -	\$ 885,040,439	\$ -	\$ 37,866,992	\$ 847,173,447	\$ 35,585,759
Accreted interest	24,586,915	-	24,586,915	2,167,855	3,043,008	23,711,762	2,013,659
Lease Revenue Bonds	48,945,000	-	48,945,000	-	3,265,000	45,680,000	3,450,000
Debt issuance premiums	55,060,663	-	55,060,663	-	4,028,516	51,032,147	4,028,516
<i>Other Long-Term Liabilities:</i>							
Net Pension Liability (Notes 8 & 9)	449,124,000	-	449,124,000	31,264,300	-	480,388,300	-
Net OPEB liability (Note 10)	263,784,408	-	263,784,408	-	26,090,871	237,693,537	-
Compensated absences	8,191,646	15,421,931	23,613,577	2,789,545	-	26,403,122	4,293,148
Subtotal governmental activities	<u>\$ 1,734,733,071</u>	<u>\$ 15,421,931</u>	<u>\$ 1,750,155,002</u>	<u>\$ 36,221,700</u>	<u>\$ 74,294,387</u>	<u>\$ 1,712,082,315</u>	<u>\$ 49,371,082</u>
<u>Business-type activities</u>							
Net Pension Liability (Notes 8 & 9)	-	-	-	13,700	-	13,700	-
Totals	<u>\$ 1,734,733,071</u>	<u>\$ 15,421,931</u>	<u>\$ 1,750,155,002</u>	<u>\$ 36,235,400</u>	<u>\$ 74,294,387</u>	<u>\$ 1,712,096,015</u>	<u>\$ 49,371,082</u>

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2025 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 150,000	\$ -	\$ -	\$ 2,000	\$ 152,000
Stores inventory	103,201	-	-	1,494,669	1,597,870
Prepaid expenditures	-	-	-	4,673	4,673
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,673</u>	<u>4,673</u>
Subtotal nonspendable	253,201	-	-	1,501,342	1,754,543
	<u>253,201</u>	<u>-</u>	<u>-</u>	<u>1,501,342</u>	<u>1,754,543</u>
Restricted:					
Legally restricted programs:					
Grants	94,775,274	-	-	-	94,775,274
Student body activities	-	-	-	1,664,545	1,664,545
Adult education operations	-	-	-	571,941	571,941
Child development	-	-	-	4,367,520	4,367,520
Cafeteria operations	-	-	-	9,998,287	9,998,287
Charter schools	-	-	-	12,698,643	12,698,643
Capital projects	-	203,187,818	-	41,545,081	244,732,899
Debt service	-	-	74,813,793	-	74,813,793
	<u>-</u>	<u>-</u>	<u>74,813,793</u>	<u>-</u>	<u>74,813,793</u>
Subtotal restricted	94,775,274	203,187,818	74,813,793	70,846,017	443,622,902
	<u>94,775,274</u>	<u>203,187,818</u>	<u>74,813,793</u>	<u>70,846,017</u>	<u>443,622,902</u>
Unassigned:					
Designated for economic uncertainty	17,006,094	-	-	-	17,006,094
Unassigned	45,095,089	-	-	-	45,095,089
	<u>45,095,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,095,089</u>
Subtotal unassigned	62,101,183	-	-	-	62,101,183
	<u>62,101,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,101,183</u>
Total fund balances	\$ 157,129,658	\$ 203,187,818	\$ 74,813,793	\$ 72,347,359	\$ 507,478,628
	<u>\$ 157,129,658</u>	<u>\$ 203,187,818</u>	<u>\$ 74,813,793</u>	<u>\$ 72,347,359</u>	<u>\$ 507,478,628</u>

(Continued)

NOTE 8 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN

General Information about the State Teachers’ Retirement Plan

Plan Description: Employees of the District performing creditable services are provided with pensions through the State Teachers’ Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers’ Retirement System (CalSTRS). Teachers’ Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan with CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at CalSTRS’ website.

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

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

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

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

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is the member’s highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

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

All CalSTRS 2% at 62 members’ final compensation is based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250% of applicable member earnings for fiscal year 2023-24.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205% as per the CalSTRS Funding Plan for a total member contribution rate of 10.205%. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% annually. Based on the June 30, 2023, actuarial valuation adopted by the CalSTRS Board in May 2024, the increase in normal cost was less than 1%. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2024.

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

The CalSTRS Funding Plan authorizes the CalSTRS Board to adjust the employer supplemental contribution rate up or down by a maximum of 1% annually for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the CalSTRS Board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year June 30, 2025 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2024-25 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2024	8.250%	10.850%	19.100%
July 1, 2025 to			
June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	AB1469 rate increase ends for 2046-47 and beyond	

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

The District contributed \$58,442,176 to the STRP during the fiscal year ended June 30, 2025.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

State – The State is required to contribute 10.828% of the members’ creditable compensation from the two fiscal years prior.

The State is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the State also has a supplemental contribution rate, which the Board can increase by no more than 0.5% each fiscal year to help eliminate the State’s share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the CalSTRS Board voted to keep the State supplemental contribution rate at 6.311% for fiscal year 2024–25.

The total State contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the State’s General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954.

The CalSTRS State contribution rates effective for fiscal year 2024-25 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2024	2.017%	6.311%	2.50%	10.828%
July 01, 2025 to June 30, 2046	2.017%	(1)	2.50%	(1)
July 01, 2046	2.017%	(2)	2.50%	(2)

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

(2) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 311,637,000
State’s proportionate share of the net pension liability associated with the District	<u>142,982,000</u>
	<u><u>\$ 454,619,000</u></u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District’s proportion of the net pension liability was based on the District’s share of contributions to the STRP relative to the contributions of all participating contributing employers and the State. At June 30, 2025, the District’s proportion was 0.464%, which was an increase of 0.085% from its proportion at June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$55,582,152 and revenue of \$19,505,689 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 35,250,000	\$ 13,628,000
Changes of assumptions	1,364,000	21,284,000
Net differences between projected and actual earnings on investments	-	1,257,000
Changes in proportion and differences between District contributions and proportionate share of contributions	76,416,002	19,458,000
Contributions made subsequent to measurement date	<u>58,442,176</u>	<u>-</u>
Total	<u>\$ 171,472,178</u>	<u>\$ 55,627,000</u>

\$58,442,176 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ (14,858,133)
2027	\$ 31,175,867
2028	\$ 6,266,867
2029	\$ 11,994,867
2030	\$ 15,427,867
2031	\$ 7,395,667

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2024 measurement date. Deferred outflows and deferred inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per the CalSTRS Funding Plan. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments, and administrative expense occur midyear.

Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was calculated using a building-block approach. This method involves developing best-estimate ranges of 20- to 30-year geometrically linked expected future real rates of return for each major asset class. These expected returns are net of pension plan investment expenses and inflation. The best estimate ranges were created using capital market assumptions provided by CalSTRS investment staff and investment consultants.

The actuarial investment rate of return assumption was adopted by the CalSTRS Board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	38.0%	5.25%
Real Estate	15.0	4.05
Private Equity	14.0	6.75
Fixed Income	14.0	2.45
Risk Mitigating Strategies	10.0	2.25
Inflation Sensitive	7.0	3.65
Cash / Liquidity	2.0	0.05

* 20- to 30-year geometric average

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Mortality: CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale issued by the Society of Actuaries.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District’s proportionate share of the net pension liability	\$ 554,300,000	\$ 311,637,000	\$ 109,003,000

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

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

General Information about the Public Employer’s Retirement Fund B

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

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

Benefits Provided: The benefits for the defined benefit plan are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2% compounded annually (up to 5% maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

(Continued)

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

Contributions: The benefits for the defined benefit pension plan are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to \$863 monthly.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) became effective in January 2013, and changed how benefits are applied as well as placed compensation limits on certain members as listed below. Members which do not fall into the definitions below, are generally be considered “classic” members in PERF B:

- Members joining on or after January 1, 2013, with no prior membership in another California public retirement system.
- Members joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.
- Members joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2025 were as follows:

Members - The classic member contribution rate was 7.0% of applicable member earnings for fiscal year 2024-25. The PEPRA member contribution rate was 8.0% of applicable member earnings for fiscal year 2024-25.

Employers - The employer contribution rate was 27.05% of applicable member earnings for fiscal year 2024-25.

The District contributed \$32,054,812 to the plan for the fiscal year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$168,765,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the District's share of contributions to the PERF B plan relative to the contributions of all participating school districts. At June 30, 2025 the District's proportion was 0.472%, which was an increase of 0.029% from its proportion at June 30, 2024.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

For the year ended June 30, 2025, the District recognized pension expense of \$32,006,940. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,148,000	\$ 1,208,000
Changes of assumptions	3,730,000	-
Net differences between projected and actual earnings on investments	6,555,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,527,000	1,233,000
Contributions made subsequent to measurement date	<u>32,054,812</u>	<u>-</u>
Total	<u>\$ 63,014,812</u>	<u>\$ 2,441,000</u>

\$32,054,812 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ 8,812,583
2027	\$ 17,772,583
2028	\$ 4,008,084
2029	\$ (2,074,250)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.9 years in the June 30, 2024 measurement. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to the actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

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

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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

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

(1) An expected inflation rate of 2.30% used for this period

(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease <u>(5.90%)</u>	Current Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
District’s proportionate share of the net pension liability	\$ 250,701,000	\$ 168,765,000	\$ 101,078,000

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

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the Other Postemployment Benefits Plan (OPEB)

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

	<u>Number of Participants</u>
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	3,093
Active employees	<u>3,608</u>
	<u><u>6,701</u></u>

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the District's Board of Education. Contributions to the Plan are voluntary. Contributions to the Plan from the District were \$24,835,649, for the year ended June 30, 2025.

OPEB Plan Investments: The plan discount rate of 6.50% was determined using the following asset allocation and assumed rate of return blended with the 20-year high grade municipal bond rate as of June 30, 2024:

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return Year 1 - 5</u>	<u>Expected Real Rate of Return Years 6+</u>
Global Equity	49%	3.90%	4.70%
Fixed Income	23	2.70	2.60
Real Estate Investment Trusts	20	3.70	4.00
Treasury Inflation-Protected Securities	5	1.70	1.40
Commodities	3	2.90	2.00

* Geometric average

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

Money-weighted rate of return on OPEB plan investments 6.55%

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

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2024, based on an actuarial valuation as of June 30, 2024.

Actuarial Assumptions: The total OPEB liability in the June 30, 2024 measurement was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2024
Measurement date	June 30, 2024
Actuarial Method	Entry age normal, level percent of pay
Inflation Rate	2.50%
Long Term Return on Assets	6.55% as of June 30, 2024, net of plan investment expenses and including inflation
Discount rate	6.50% as of June 30, 2024, determined as a blend of asset returns and the 20-year high grade municipal bond rate at measurement.
Salary increases	3.0% per year
Health care cost trend rate	9.3% (increase effective January 1, 2026) and grade down to 3.9% for years 2075 and later.
Mortality	2024 CalSTRS for certificated employees, and 2021 CalPERS for classified employees
Participation Rate	Active Employees: 90% of active benefits- eligible employees who qualify for District paid retiree premiums are assumed to elect to continue their current plan coverage in retirement. Those not currently covered are assumed to elect as follows: 1) Waiving SCTA Actives - SCTA Opt-Out Subsidy; 2) Waiving Non-SCTA Actives - Kaiser HMO 25% of active employees who qualify for access to coverage in retirement, but not for District paid premiums are assumed to continue medical coverage in retirement. Retired Participants: Existing medical plan elections are assumed to be continued until age 65

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2024	\$ 404,144,313	\$ 140,359,905	\$ 263,784,408
Changes for the year:			
Service cost	8,875,605	-	8,875,605
Interest	24,630,452	-	24,630,452
Actuarial Experience	(22,911,416)	-	(22,911,416)
Change in assumptions	1,164,379	-	1,164,379
Employer contributions	-	22,463,046	(22,463,046)
Investment income	-	15,432,613	(15,432,613)
Administrative expense	-	(45,768)	45,768
Benefit payments	(18,484,016)	(18,484,016)	-
Net change	(6,724,996)	19,365,875	(26,090,871)
Balance, June 30, 2025	\$ 397,419,317	\$ 159,725,780	\$ 237,693,537

The change in assumptions was due to an update in the discount rate from 6.10% in the prior valuation, to 6.50% in the current valuation. There were no changes between the measurement date and the year ended June 30, 2025, which had a significant effect on the District's total OPEB liability.

Sensitivity of the Net OPEB Liability to Assumptions: The following presents the net OPEB liability calculated using the discount rate of 6.50 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.50 percent) and 1 percent higher (7.50 percent):

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 287,179,428	\$ 237,693,537	\$ 196,332,802

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

	1% Decrease	Healthcare Cost Trend Rates Rate*	1% Increase
Net OPEB liability	\$ 192,252,796	\$ 237,693,537	\$ 293,289,876

* Healthcare Cost Trend Rate was assumed to start at 9.3% (increases effective January 1, 2026) and grade down to 3.9% for years 2075 and later.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$50,833,271. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,525,824	\$ 94,379,243
Changes of assumptions	14,381,494	54,123,941
Net differences between projected and actual earnings on investments	1,671,345	-
Benefits paid subsequent to measurement date	24,835,649	-
Total	<u>\$ 43,414,312</u>	<u>\$ 148,503,184</u>

\$24,835,649 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending <u>June 30,</u>	
2026	\$ (48,868,155)
2027	\$ (45,192,721)
2028	\$ (18,355,340)
2029	\$ (12,161,753)
2030	\$ (3,280,097)
Thereafter	\$ (2,066,455)

Differences between projected and actual earnings on investment are amortized over a closed period of 5 years as of the June 30, 2024 measurement date. Changes in assumptions and differences between expected and actual experience are amortized over a closed period of 6.63 years.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 – JOINT POWERS AGREEMENTS

Schools Insurance Authority: The District is a member with other school districts of a Joint Powers Authority, Schools Insurance Authority (SIA), for the operation of a common risk management and insurance program for property and liability coverage. The joint powers agency is to be self-sustaining through member premiums. SIA enters into insurance agreements for coverage above self-insured retention layers, whereby it cedes various amounts of risk to other insurance companies or joint power authorities. SIA's Property, Liability and Workers' Compensation Programs provide self-insured retention of \$100,000, \$750,000 and \$1,000,000 per incident, respectively. The District continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information for SIA at June 30, 2024 (most recent information available):

Total assets	\$	250,309,753
Deferred outflows	\$	6,108,804
Total liabilities	\$	129,302,201
Deferred inflows	\$	1,382,000
Total net position	\$	125,734,356
Total revenues	\$	112,792,877
Total expenses	\$	106,700,405
Change in net position	\$	6,092,472

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.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

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

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

At June 30, 2025, the District had approximately \$154.1 million in outstanding construction contract commitments.

NOTE 13 – GOING CONCERN AND MANAGEMENT'S PLANS

Following the fiscal year 2018–19 budget disapproval by the Sacramento County Office of Education (SCOE), the District executed plans to address a structural deficit and promote long-term financial sustainability. In response to its financial condition, the District underwent multiple oversight measures, including a Fiscal Health Risk Analysis conducted by the Fiscal Crisis and Management Assistance Team (FCMAT) and an audit conducted by the California State Auditor, among other actions. Findings from FCMAT and the State Auditor warned of insolvency risk without corrective action. The District began implementing recommended process improvements to move toward fiscal stability.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 – GOING CONCERN AND MANAGEMENT’S PLANS (Continued)

Beginning in fiscal year 2019-20 and continuing through fiscal year 2023-24, the District received several one-time grants and other funding from a combination of state and federal sources. These funding sources provided the District with significant cash inflows which were not intended to provide ongoing financial support; however, the sources and their corresponding cash flows provided a temporary offset to the shortfalls in the District’s General Fund budget. As these one-time resources expired in fiscal years 2023–24 and 2024–25, the District’s structural deficit reemerged, as reflected by expenditures significantly exceeding ongoing revenue sources.

In September 2025 the District presented its Annual Financial and Budget Report for the 2024-25 fiscal year to the Board of Education and the SCOE, which reported actual deficit spending of approximately \$141.2 million in the General Fund. The Annual Financial and Budget Report also included the 2025-26 fiscal year budget, which projected \$94.7 million in further deficit spending, resulting in an ending fund balance for the General Fund totaling approximately \$62.4 million. However, the projected ending balances for the General Fund classified as nonspendable, restricted, committed, and the 2% reserve required by the State of California totaled approximately \$107.5 million, resulting in an undesignated fund balance deficit of approximately \$45 million.

In October 2025, the SCOE issued a letter regarding its concerns about the erosion of available cash and fund balance of the District’s General Fund and indicates that, in accordance with Education Code Section 42127.6, that the District is a lack of going concern. This letter again prompted a sequence of measures, including another Fiscal Health Risk Analysis performed by FCMAT in accordance with relevant Education Code provisions. FCMAT issued their report in December 2025, which further supported the concerns regarding the erosion of cash and the overall financial position of the District. In November 2025, the SCOE issued another letter which further articulated the concerns, and noted that the departure of the District’s Chief Business Official was a significant fiscal event that would have an immediate severe fiscal impact on the District’s financial position.

The significant factors which contributed to the District’s financial condition include:

- unsustainable expenditures which create significant structural deficit spending,
- declining local enrollment of students
- insufficient cash flow to meet obligations for at least 12 months beyond the year ended June 30, 2026, and for the period shortly thereafter
- Departure of the Chief Business Official

These conditions raise substantial doubt about the District’s ability to continue as a going concern within one year after the date that the financial statements are issued and shortly thereafter.

The District’s management team has developed a Fiscal Solvency Plan, which was approved by the Board of Education on December 1, 2025, and revised in subsequent meetings in January and February of 2026. which includes the following actions to provide a fiscally sound budget, and improve cash flow for the General Fund:

- Budget reductions achieved through reduction of staff, closure of unnecessary or unfunded programs,
- Transfers/Contributions to Offset Expenditures from previously undesignated self-insurance and other postemployment benefits reserves
- Reduction of Unrestricted General Fund Expenditures through a hiring freeze,
- Reduction/Offset of Employee Compensation Expenditures
- Reduction/Freeze of Central Office and School Site Supply Purchases

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 – GOING CONCERN AND MANAGEMENT’S PLANS (Continued)

The District also appointed an interim Chief Business Official with significant and relevant experience in addressing the financial issues faced by the District.

Despite efforts to address the District's financial challenges, significant uncertainty remains surrounding the achievement of anticipated savings and control of expenditures. Therefore, it is uncertain whether the Fiscal Solvency Plan will generate sufficient revenues and cost reductions to allow the District to satisfy its obligations over the next 12 months and shortly thereafter.

NOTE 14 – SUBSEQUENT EVENTS

On October 23, 2025, the Election of 2020, 2025 Series C General Obligation Bonds were issued totaling \$262,500,000. The proceeds are to be used for construction related projects. The bonds range in maturity date with a final payoff of August 1, 2045 with an interest rate of 5.00%.

On October 23, 2025, the Election of 2024, 2025 Series A General Obligation Bonds were issued totaling \$143,000,000. The proceeds are to be used for construction related projects. The bonds range in maturity date with a final payoff of August 1, 2045 with an interest rate of 5.00%.

On October 23, 2025, the 2025 General Obligation Refunding Bonds, Series A, were issued totaling \$9,920,000. The bonds were issued to refund a certain portion of the 2015 General Obligation Refunding Bonds. The bonds range in maturity date with a final payoff of July 1, 2030 with an interest rate of 5.00%.

On October 23, 2025, the 2025 General Obligation Refunding Bonds, Series B, were issued totaling \$36,200,000. The bonds were issued to refund a certain portion of the Election of 2012, 2015 Series C-1 General Obligation Bonds. The bonds range in maturity date with a final payoff of August 1, 2040 with an interest rate of 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2025

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
LCFF:				
State apportionment	\$ 361,153,298	\$ 355,138,270	\$ 353,593,989	\$ (1,544,281)
Local sources	128,017,107	130,145,082	135,078,972	4,933,890
Total LCFF	489,170,405	485,283,352	488,672,961	3,389,609
Federal sources	42,316,186	54,581,131	56,715,029	2,133,898
Other state sources	130,185,621	132,768,375	135,317,105	2,548,730
Other local sources	6,447,794	21,842,908	24,639,501	2,796,593
Total revenues	668,120,006	694,475,766	705,344,596	10,868,830
Expenditures:				
Current:				
Certificated salaries	304,417,820	314,836,979	318,343,227	(3,506,248)
Classified salaries	92,131,627	98,091,708	102,236,542	(4,144,834)
Employee benefits	245,524,734	236,651,227	241,662,526	(5,011,299)
Books and supplies	26,323,241	11,732,129	18,496,104	(6,763,975)
Contract services and operating expenditures	92,388,584	130,779,407	156,367,233	(25,587,826)
Other outgo	10,535	1,113,443	1,102,902	10,541
Capital outlay	549,099	9,366,811	10,888,840	(1,522,029)
Total expenditures	761,345,640	802,571,704	849,097,374	(46,525,670)
Deficiency of revenues under expenditures	(93,225,634)	(108,095,938)	(143,752,778)	(35,656,840)
Other financing sources (uses):				
Transfers in	4,462,949	5,411,335	5,470,075	58,740
Transfers out	-	(762,000)	(3,418,774)	(2,656,774)
Total other financing sources (uses)	4,462,949	4,649,335	2,051,301	(2,598,034)
Change in fund balance	(88,762,685)	(103,446,603)	(141,701,477)	(38,254,874)
Fund balance, July 1, 2024	298,831,135	298,831,135	298,831,135	-
Fund balance, June 30, 2025	\$ 210,068,450	\$ 195,384,532	\$ 157,129,658	\$ (38,254,874)

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2025

	Last 10 Fiscal Years							
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
TOTAL OPEB LIABILITY								
Service cost	\$ 33,273,763	\$ 28,429,909	\$ 20,002,277	\$ 22,361,924	\$ 8,647,600	\$ 9,390,965	\$ 8,617,093	\$ 8,875,605
Interest on total OPEB liability	24,982,078	28,454,100	25,888,179	26,023,049	28,912,863	30,032,848	23,822,516	24,630,452
Differences between expected and actual experience	-	(135,537,910)	-	(98,105,689)	-	(73,787,272)	-	(22,911,416)
Changes of assumptions	(89,783,252)	(83,559,205)	29,041,398	(170,763,789)	10,859,088	4,093,581	-	1,164,379
Benefit payments	<u>(20,462,037)</u>	<u>(19,351,654)</u>	<u>(19,644,632)</u>	<u>(18,690,251)</u>	<u>(21,345,655)</u>	<u>(19,742,892)</u>	<u>(20,422,538)</u>	<u>(18,484,016)</u>
Net change in total OPEB liability	(51,989,448)	(181,564,760)	55,287,222	(239,174,756)	27,073,896	(50,012,770)	12,017,071	(6,724,996)
Total OPEB liability - beginning of year (a)	<u>832,507,858</u>	<u>780,518,410</u>	<u>598,953,650</u>	<u>654,240,872</u>	<u>415,066,116</u>	<u>442,140,012</u>	<u>392,127,242</u>	<u>404,144,313</u>
Total OPEB liability - end of year (b)	<u>\$ 780,518,410</u>	<u>\$ 598,953,650</u>	<u>\$ 654,240,872</u>	<u>\$ 415,066,116</u>	<u>\$ 442,140,012</u>	<u>\$ 392,127,242</u>	<u>\$ 404,144,313</u>	<u>\$ 397,419,317</u>
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 48,000,844	\$ 33,078,830	\$ 28,640,257	\$ 26,713,074	\$ 31,199,420	\$ 28,457,590	\$ 28,080,859	\$ 22,463,046
Net investment income	3,951,473	4,395,048	4,575,947	3,013,601	26,761,724	(17,926,043)	8,076,593	15,432,613
Administrative expenses	(19,446)	(29,756)	(15,667)	(42,420)	(36,839)	(33,922)	(36,239)	(45,768)
Other expenses	-	(72,482)	-	-	-	-	-	-
Benefit payments	<u>(20,462,037)</u>	<u>(19,351,654)</u>	<u>(19,644,632)</u>	<u>(18,690,251)</u>	<u>(21,345,655)</u>	<u>(19,742,892)</u>	<u>(20,422,538)</u>	<u>(18,484,016)</u>
Change in plan fiduciary net position	31,470,834	18,019,986	13,555,905	10,994,004	36,578,650	(9,245,267)	15,698,675	19,365,875
Fiduciary trust net position - beginning of year (c)	<u>23,287,118</u>	<u>54,757,952</u>	<u>72,777,938</u>	<u>86,333,843</u>	<u>97,327,847</u>	<u>133,906,497</u>	<u>124,661,230</u>	<u>140,359,905</u>
Fiduciary trust net position - end of year (d)	<u>\$ 54,757,952</u>	<u>\$ 72,777,938</u>	<u>\$ 86,333,843</u>	<u>\$ 97,327,847</u>	<u>\$ 133,906,497</u>	<u>\$ 124,661,230</u>	<u>\$ 140,359,905</u>	<u>\$ 159,725,780</u>
Net OPEB liability - beginning (a) - (c)	<u>\$ 809,220,740</u>	<u>\$ 725,760,458</u>	<u>\$ 526,175,712</u>	<u>\$ 567,907,029</u>	<u>\$ 317,738,269</u>	<u>\$ 308,233,515</u>	<u>\$ 267,466,012</u>	<u>\$ 263,784,408</u>
Net OPEB liability - ending (b) - (d)	<u>\$ 725,760,458</u>	<u>\$ 526,175,712</u>	<u>\$ 567,907,029</u>	<u>\$ 317,738,269</u>	<u>\$ 308,233,515</u>	<u>\$ 267,466,012</u>	<u>\$ 263,784,408</u>	<u>\$ 237,693,537</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7%	12%	13%	23%	30%	32%	35%	40%
Covered employee payroll	\$ 263,777,849	\$ 284,495,904	\$ 271,833,894	\$ 279,376,002	\$ 302,034,133	\$ 343,087,661	\$ 326,710,014	\$ 406,289,466
Net OPEB liability as a percentage of covered employee payroll	275%	185%	209%	114%	102%	78%	81%	59%

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
For the Year Ended June 30, 2025

	Other Postemployment Benefits Last 10 Fiscal Years							
	<u>2018</u>	<u>2019</u>	<u>2020*</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Actuarially determined contribution	\$ 41,766,451	\$ 29,997,546	\$ 30,861,105	\$ 31,958,000	\$ 28,427,786	\$ 29,218,878	\$ 24,494,972	\$ 25,202,817
Contributions in relation to the actuarially determined contribution	<u>(33,078,830)</u>	<u>(28,640,257)</u>	<u>(26,713,074)</u>	<u>(31,199,420)</u>	<u>(28,457,590)</u>	<u>(28,080,859)</u>	<u>(22,463,046)</u>	<u>(24,835,649)</u>
Contribution deficiency (excess)	<u>\$ 8,687,621</u>	<u>\$ 1,357,289</u>	<u>\$ 4,148,031</u>	<u>\$ 758,580</u>	<u>\$ (29,804)</u>	<u>\$ 1,138,019</u>	<u>\$ 2,031,926</u>	<u>\$ 367,168</u>
Covered employee payroll	\$ 284,495,904	\$ 271,833,894	\$ 279,376,002	\$ 302,034,133	\$ 343,087,662	\$ 326,710,014	\$ 406,289,446	\$ 458,796,270
Contributions as a percentage of								

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

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025

	State Teachers' Retirement Plan Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.375%	0.371%	0.372%	0.385%	0.396%	0.376%	0.337%	0.347%	0.379%	0.464%
District's proportionate share of the net pension liability	\$252,331,000	\$299,780,000	\$344,390,000	\$353,827,000	\$357,334,000	\$364,571,000	\$153,342,000	\$241,143,000	\$288,638,000	\$311,637,000
State's proportionate share of the net pension liability associated with the District	<u>133,455,000</u>	<u>170,676,000</u>	<u>203,739,000</u>	<u>202,583,000</u>	<u>194,951,000</u>	<u>199,236,000</u>	<u>91,235,000</u>	<u>136,300,000</u>	<u>138,296,000</u>	<u>142,982,000</u>
Total net pension liability	<u>\$385,786,000</u>	<u>\$470,456,000</u>	<u>\$548,129,000</u>	<u>\$556,410,000</u>	<u>\$552,285,000</u>	<u>\$563,807,000</u>	<u>\$244,577,000</u>	<u>\$377,443,000</u>	<u>\$426,934,000</u>	<u>\$454,619,000</u>
District's covered payroll	\$173,962,000	\$184,718,000	\$197,366,000	\$202,167,000	\$220,584,000	\$212,770,000	\$213,026,000	\$238,060,000	\$222,743,000	\$298,259,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	145.05%	162.29%	174.49%	175.02%	161.99%	171.35%	71.98%	101.30%	129.58%	104.49%
Plan fiduciary net position as a percentage of of the total pension liability	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2025

	Public Employer's Retirement Fund B Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.534%	0.533%	0.518%	0.541%	0.527%	0.475%	0.461%	0.443%	0.443%	0.472%
District's proportionate share of the net pension liability	\$ 78,659,000	\$ 105,299,000	\$ 123,753,000	\$ 144,170,000	\$ 153,723,000	\$ 145,701,000	\$ 93,712,000	\$ 152,425,000	\$ 160,486,000	\$ 168,765,000
District's covered payroll	\$ 59,079,000	\$ 63,963,000	\$ 66,095,000	\$ 72,476,000	\$ 73,410,000	\$ 68,605,000	\$ 66,484,000	\$ 70,550,000	\$ 77,387,000	\$ 103,819,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	133.14%	164.62%	187.24%	198.92%	209.40%	212.38%	140.95%	216.05%	207.38%	162.56%
Plan fiduciary net position as a percentage of of the total pension liability	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSIONS
For the Year Ended June 30, 2025

	State Teachers' Retirement Plan Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 19,820,280	\$ 24,828,643	\$ 29,172,733	\$ 35,911,088	\$ 36,383,635	\$ 34,403,690	\$ 40,279,774	\$ 42,543,877	\$ 56,967,465	\$ 58,442,176
Contributions in relation to the contractually required contribution	<u>(19,820,280)</u>	<u>(24,828,643)</u>	<u>(29,172,733)</u>	<u>(35,911,088)</u>	<u>(36,383,635)</u>	<u>(34,403,690)</u>	<u>(40,279,774)</u>	<u>(42,543,877)</u>	<u>(56,967,465)</u>	<u>(58,442,176)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$184,718,000	\$197,366,000	\$202,167,000	\$220,584,000	\$212,770,000	\$213,026,000	\$238,060,000	\$222,743,000	\$298,259,000	\$305,980,000
Contributions as a percentage of covered payroll	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***	19.10%	19.10%	19.10%

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

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS - PENSIONS
For the Year Ended June 30, 2025

	Public Employer's Retirement Fund B Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 7,577,683	\$ 9,180,596	\$ 11,256,216	\$ 13,259,325	\$ 13,529,537	\$ 13,762,087	\$ 16,163,003	\$ 19,633,057	\$ 27,698,939	\$ 32,054,812
Contributions in relation to the contractually required contribution	<u>(7,577,683)</u>	<u>(9,180,596)</u>	<u>(11,256,216)</u>	<u>(13,259,325)</u>	<u>(13,529,537)</u>	<u>(13,762,087)</u>	<u>(16,163,003)</u>	<u>(19,633,057)</u>	<u>(27,698,939)</u>	<u>(32,054,812)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 63,963,000	\$ 66,095,000	\$ 72,476,000	\$ 73,410,000	\$ 68,605,000	\$ 66,484,000	\$ 70,550,000	\$ 77,387,000	\$ 103,819,000	\$ 118,502,000
Contributions as a percentage of covered payroll	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%	25.37%	26.68%	27.05%

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

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

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

Schedule of the District's Contributions – OPEB: The Schedule of District Contributions is presented to illustrate the District's required contributions relating to the OPEB. There is a requirement to show information for 10 years.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years.

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

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

Changes of Assumptions: The discount rates used for the net OPEB liability were 3.56, 4.25, 3.90, 7.00, 6.80, 6.10, 6.10, and 6.50 percent in the measurement periods as of June 30, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and 2025 respectively.

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

Assumption	Measurement Period									
	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

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

Assumption	Measurement Period									
	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2025

	Student Activity <u>Fund</u>	Charter Schools <u>Fund</u>	Adult Education <u>Fund</u>	Child Development <u>Fund</u>	Cafeteria <u>Fund</u>	Developer Fees <u>Fund</u>	County School Facilities <u>Fund</u>	Community Facilities <u>Fund</u>	<u>Total</u>
ASSETS									
Cash and investments:									
Cash in County Treasury	\$ -	\$ 13,399,645	\$ 426,677	\$ 5,836,812	\$ 3,164,501	\$ 33,657,754	\$ 3,309	\$ 3,849,955	\$ 60,338,653
Cash in banks	1,664,545	966	925,913	112,084	662,561	4,083,555	-	-	7,449,624
Cash in revolving account	-	-	-	-	2,000	-	-	-	2,000
Collections Awaiting Deposit	-	-	-	-	14,650	-	-	-	14,650
Receivables	-	1,737,244	2,560,457	3,518,316	9,855,620	104,133	34	39,211	17,815,015
Due from other funds	-	1,828,156	2,659,932	4,729	-	-	-	-	4,492,817
Stores inventory	5,934	-	-	-	1,488,735	-	-	-	1,494,669
Prepaid expenditures	-	4,673	-	-	-	-	-	-	4,673
Total assets	<u>\$ 1,670,479</u>	<u>\$ 16,970,684</u>	<u>\$ 6,572,979</u>	<u>\$ 9,471,941</u>	<u>\$ 15,188,067</u>	<u>\$ 37,845,442</u>	<u>\$ 3,343</u>	<u>\$ 3,889,166</u>	<u>\$ 91,612,101</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ 3,723,202	\$ 432,591	\$ 929,900	\$ 3,087,943	\$ 13,701	\$ -	\$ -	\$ 8,187,337
Unearned revenue	-	202,805	193,721	2,623,180	5,814	-	-	-	3,025,520
Due to other funds	-	341,361	5,374,726	1,551,341	605,288	179,169	-	-	8,051,885
Total liabilities	<u>-</u>	<u>4,267,368</u>	<u>6,001,038</u>	<u>5,104,421</u>	<u>3,699,045</u>	<u>192,870</u>	<u>-</u>	<u>-</u>	<u>19,264,742</u>
Fund balances:									
Nonspendable	5,934	4,673	-	-	1,490,735	-	-	-	1,501,342
Restricted	1,664,545	12,698,643	571,941	4,367,520	9,998,287	37,652,572	3,343	3,889,166	70,846,017
Total fund balance	<u>1,670,479</u>	<u>12,703,316</u>	<u>571,941</u>	<u>4,367,520</u>	<u>11,489,022</u>	<u>37,652,572</u>	<u>3,343</u>	<u>3,889,166</u>	<u>72,347,359</u>
Total liabilities and fund balances	<u>\$ 1,670,479</u>	<u>\$ 16,970,684</u>	<u>\$ 6,572,979</u>	<u>\$ 9,471,941</u>	<u>\$ 15,188,067</u>	<u>\$ 37,845,442</u>	<u>\$ 3,343</u>	<u>\$ 3,889,166</u>	<u>\$ 91,612,101</u>

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, 2025

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	(Formerly Non-Major) Bond Interest and Redemption Fund	Total
Revenues:										
LCFF	\$ -	\$ 18,904,719	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 18,904,719
Federal sources	-	455,779	1,334,032	8,212,833	31,680,840	-	-	-		41,683,484
Other state sources	-	3,178,121	1,963,434	9,243,513	9,967,564	-	-	-		24,352,632
Other local sources	1,541,621	801,048	2,509,914	1,323,108	904,190	11,424,150	106	2,252,666		20,756,803
Total revenues	1,541,621	23,339,667	5,807,380	18,779,454	42,552,594	11,424,150	106	2,252,666		105,697,638
Expenditures:										
Current:										
Certificated salaries	-	10,669,083	2,094,876	5,863,545	-	-	-	-		18,627,504
Classified salaries	-	1,633,994	1,896,726	3,491,690	15,079,060	-	-	-		22,101,470
Employee benefits	-	6,914,828	2,490,971	6,822,903	9,525,655	-	-	-		25,754,357
Books and supplies	1,539,538	490,507	138,676	605,087	20,326,886	-	-	-		23,100,694
Contract services and operating expenditures	-	4,005,382	1,280,581	436,371	1,419,299	236,287	-	-		7,377,920
Capital outlay	-	-	37,316	-	297,888	-	-	-		335,204
Debt service:										
Principal retirement	-	-	-	-	-	3,265,000	-	-		3,265,000
Interest	-	-	-	-	-	1,123,114	-	1,074,250		2,197,364
Total expenditures	1,539,538	23,713,794	7,939,146	17,219,596	46,648,788	4,624,401	-	1,074,250		102,759,513
Excess (deficiency) of revenues over (under) expenditures	2,083	(374,127)	(2,131,766)	1,559,858	(4,096,194)	6,799,749	106	1,178,416		2,938,125
Other financing sources (uses):										
Transfers in	-	762,000	2,656,774	-	-	-	-	-		3,418,774
Transfers out	-	(3,369,948)	(120,235)	(753,985)	(1,225,907)	-	-	-		(5,470,075)
Total other financing sources (uses)	-	(2,607,948)	2,536,539	(753,985)	(1,225,907)	-	-	-		(2,051,301)
Net change in fund balances	2,083	(2,982,075)	404,773	805,873	(5,322,101)	6,799,749	106	1,178,416		886,824
Fund balances, July 1, 2024	1,668,396	15,685,391	167,168	3,561,647	16,811,123	30,852,823	3,237	2,710,750	65,299,262	136,759,797
Changes within the District	-	-	-	-	-	-	-	-	(65,299,262)	(65,299,262)
Fund balances, July 1, 2024, adjusted	1,668,396	15,685,391	167,168	3,561,647	16,811,123	30,852,823	3,237	2,710,750	-	71,460,535
Fund balances, June 30, 2025	\$ 1,670,479	\$ 12,703,316	\$ 571,941	\$ 4,367,520	\$ 11,489,022	\$ 37,652,572	\$ 3,343	\$ 3,889,166		\$ 72,347,359

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2025

	Second Period Report	Audited Second Period Report	Annual Report	Audited Annual Report
<u>District</u>				
Certificate Number:	3A27A669	*	38016026	*
Elementary:				
Transitional Kindergarten through Third	10,325	10,325	10,344	10,344
Fourth through Sixth	7,794	7,794	7,789	7,789
Seventh and Eighth	5,438	5,438	5,423	5,423
Special Education	158	158	159	159
Community Day School	6	6	9	9
	<u>23,721</u>	<u>23,721</u>	<u>23,724</u>	<u>23,724</u>
Secondary:				
Ninth through Twelfth	9,603	9,603	9,504	9,504
Special Education	82	82	81	81
Total Secondary	<u>9,685</u>	<u>9,685</u>	<u>9,585</u>	<u>9,585</u>
District ADA Totals	<u>33,406</u>	<u>33,406</u>	<u>33,309</u>	<u>33,309</u>
<u>Charter Schools</u>				
Certificate Number:		334335F5		43A0F5E6
Bowling Green Elementary - Classroom-Based:				
Transitional Kindergarten through Third		352		353
Fourth through Sixth		<u>283</u>		<u>281</u>
Total Bowling Green Elementary Charter		<u>635</u>		<u>634</u>
Certificate Number:		ADC92A71		EC07FF10
George Washington Carver School of Arts and Science - Classroom-Based:				
Ninth through Twelfth		<u>155</u>		<u>154</u>
Certificate Number:		3859A8AF		6836CA2
New Joseph Bonnheim - Classroom-Based:				
Transitional Kindergarten through Third		154		154
Fourth through Sixth		<u>112</u>		<u>112</u>
Total New Joseph Bonnheim Charter		<u>266</u>		<u>266</u>
Certificate Number:		11120284		2B68D2ED
New Technology High - Classroom-Based:				
Ninth through Twelfth		<u>134</u>		<u>132</u>
Certificate Number:		C496EB56		ACA794
The Met Sacramento High School - Non-Classroom-Based:				
Ninth through Twelfth		<u>174</u>		<u>176</u>
Total Charter Schools		<u>1,364</u>		<u>1,362</u>

* Average Daily Attendance (ADA) for the District has been adjusted to reflect the impact of Finding 2025-004.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2025

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2024-25 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>District</u>				
Kindergarten	36,000	37,600	188	In compliance
Grade 1	50,400	52,808	188	In compliance
Grade 2	50,400	52,808	188	In compliance
Grade 3	50,400	52,808	188	In compliance
Grade 4	54,000	56,484	188	In compliance
Grade 5	54,000	56,484	188	In compliance
Grade 6	54,000	56,484	188	In compliance
Grade 7	54,000	56,596	188	In compliance
Grade 8	54,000	56,596	188	In compliance
Grade 9	64,800	67,780	188	In compliance
Grade 10	64,800	67,780	188	In compliance
Grade 11	64,800	67,780	188	In compliance
Grade 12	64,800	67,780	188	In compliance
<u>Bowling Green Charter School - Classroom Based</u>				
Kindergarten	36,000	45,190	188	In compliance
Grade 1	50,400	52,808	188	In compliance
Grade 2	50,400	52,808	188	In compliance
Grade 3	50,400	52,808	188	In compliance
Grade 4	54,000	56,484	188	In compliance
Grade 5	54,000	56,484	188	In compliance
Grade 6	54,000	56,484	188	In compliance

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2025

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2024-25 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>George Washington Carver School of Arts and Science - Classroom Based</u>				
Grade 9	64,800	67,780	188	In compliance
Grade 10	64,800	67,780	188	In compliance
Grade 11	64,800	67,780	188	In compliance
Grade 12	64,800	67,780	188	In compliance
<u>New Joseph Bonnheim Charter School - Classroom Based</u>				
Kindergarten	36,000	37,600	188	In compliance
Grade 1	50,400	52,808	188	In compliance
Grade 2	50,400	52,808	188	In compliance
Grade 3	50,400	52,808	188	In compliance
Grade 4	54,000	56,484	188	In compliance
Grade 5	54,000	56,484	188	In compliance
Grade 6	54,000	56,484	188	In compliance
<u>New Technology High School - Classroom Based</u>				
Grade 9	64,800	68,383	183	In compliance
Grade 10	64,800	68,383	183	In compliance
Grade 11	64,800	68,383	183	In compliance
Grade 12	64,800	68,383	183	In compliance
<u>The Met Sacramento High School - Non-classroom Based</u>				
Grade 9	**	**	183	In compliance
Grade 10	**	**	183	In compliance
Grade 11	**	**	183	In compliance
Grade 12	**	**	183	In compliance

** Statutory minutes requirements and actual minutes offered do not apply to non-classroom based charter schools.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<u>Assistance Listing (AL) 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 Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	\$ 11,541,229
84.173	Special Ed: IDEA Preschool Grants, Part B, Sec 619	13430	271,586
84.027A	Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	15197	477,119
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	13431	1,716
84.027A	Special Ed: IDEA Quality Assurance & Focused Monitoring	13693	30,500
84.173A	Special Ed: Alternate Dispute Resolution, Part B, Sec 611	13007	15,157
	Subtotal Special Education Cluster		<u>12,337,307</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education, English Language Acquisition, and English Literacy and Civics Education	14508	43,362
84.002	Adult Education: Adult Basic Secondary Education	13978	9,466
	Subtotal Adult Education Programs		<u>52,828</u>
	Career and Technical Education Programs:		
84.048	Strengthening Career and Technical Education for the 21st Century (Perkins V): Adult, Section 132	14893	29,805
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131	15294	1,122,949
	Subtotal Career and Technical Education Programs		<u>1,152,754</u>
	Title I Programs:		
84.010	ESSA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	20,828,004
84.010	ESSA: School Improvement Funding for LEAs	15438	726,701
	Subtotal Title I Programs		<u>21,554,705</u>
	Title III Programs:		
84.365	ESEA: Title III, Immigrant Student Program	15146	923
84.365	ESEA: Title III, English Learner Student Program	14346	803,381
	Subtotal Title III Programs:		<u>804,304</u>

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	15559	\$ (233,821)
84.425U	COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	10155	3,325,227
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	15620	9,483
84.425U	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	15621	12,250
84.425	COVID-19: ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	15652	603,582
84.425	COVID-19: 21st Century Community Learning Centers Rate Increase ESSER III State Reserve Afterschool Programs	15651	156,811
84.425	COVID-19: American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	15566	104,602
	Subtotal COVID-19: ESF Programs		3,978,134
84.126	Department of Rehab: Workability II, Transitions Partnership	10006	401,022
84.181	Special Ed: IDEA Early Intervention Grants	23761	139,420
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Grants	14332	79,060
84.060	Indian Education	10011	15,927
84.063	Financial Aid Pell Grant	*	116,805
84.287	ESSA: Title IV, Part B, 21st Century Community Learning Centers	14349	3,074,219
84.367	ESSA: Title II, Part A, Supporting Effective Instruction	14341	2,808,514
84.424	ESSA: Title IV, Part A, Student Support and Academic Enrichment	15396	1,869,615
	Total U.S. Department of Education		48,384,614
<u>U.S. Department of Health and Human Services - Passed through California Department of Health Care Services</u>			
	CCDF Cluster:		
93.596	Early Education: Federal Alternative Payment	13694	5,377
93.575	Child Care and Development Programs Administered by California Department of Social Services (Federal Funds)	10163	14,429
93.575	Child Development: Federal Child Care, Center-based	15136	798,062
93.575	Child Development: Facility Stabilization Stipends	*	131
	Subtotal CCDF Cluster		817,999

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health and Human Services - Passed through</u> <u>California Department of Health Care Services (Continued)</u>			
93.674	Independent Living Foster Youth	*	\$ 99,218
93.600	Head Start	10016	7,394,965
93.566	Refugee Cash and Medical Assistance Program	*	<u>276,054</u>
Total U.S. Department Health and Human Services			<u>8,588,236</u>
<u>U.S. Department of Agriculture - Passed through</u> <u>California Department of Education</u>			
Child Nutrition Cluster:			
10.555	Child Nutrition: School Programs	13396	25,154,306
10.555	Child Nutrition: Supply Chain Assistance (SCA) Funds	15655	1,115,274
10.555	Child Nutrition: Local Food for Schools	15708	34,661
10.559	Child Nutrition: Summer Food Service Program Operations	13004	<u>588,268</u>
Subtotal Child Nutrition Cluster			<u>26,892,509</u>
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	86,383
10.558	Child Nutrition: Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	13393	<u>4,723,896</u>
Total U.S. Department of Agriculture			<u>31,702,788</u>
<u>U.S. Department of Defense</u>			
12.357	ROTC Language and Culture Training Grants	*	<u>351,150</u>
<u>U.S. Department of Labor - Passed through</u> <u>California Department of Education</u>			
Workforce Innovation and Opportunity Act Cluster:			
17.259	Workforce Investment Act, Youth Activities	10055	<u>264,449</u>
<u>Federal Emergency Management Agency - Passed through</u> <u>California Department of Education</u>			
97.036	FEMA Public Assistance Funds	10014	<u>9,129,356</u>
Total Federal Programs			<u>\$ 98,420,593</u>

* PCA Number not available or not applicable.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

	Bond Interest and Redemption <u>Fund</u>
June 30, 2025 Unaudited Actual Financial Reporting Ending Fund Balance	\$ 45,993,338
To record debt issuance premiums for 2022 General Obligation Bonds not recorded by the Sacramento County Treasurer.	<u>28,820,455</u>
June 30, 2025 Audited Financial Statements Ending Fund Balance	<u>\$ 74,813,793</u>

	Business-Type <u>Activities</u> Cafeteria Enterprise <u>Fund</u>
June 30, 2025 Unaudited Actual Financial Reporting Ending Net Position	\$ 39,220
To allocate a portion of the net pension liability and related deferred outflows of resources and deferred inflows of resources.	<u>(8,800)</u>
June 30, 2025 Audited Financial Statements Ending Net Position	<u>\$ 30,420</u>

There were no adjustments proposed to any other 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, 2025
(UNAUDITED)

	(Budget) <u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 696,412,890	\$ 710,814,671	\$ 857,880,004	\$ 801,244,023
Expenditures	791,136,731	849,097,374	815,896,594	653,164,085
Other uses and transfers out	-	3,418,774	1,085,010	-
Total outgo	791,136,731	852,516,148	816,981,604	653,164,085
Change in fund balance	\$ (94,723,841)	\$ (141,701,477)	\$ 40,898,400	\$ 148,079,938
Ending fund balance	\$ 62,405,817	\$ 157,129,658	\$ 298,831,135	\$ 257,932,735
Available reserves	\$ (29,177,199)	\$ 62,101,183	\$ 81,751,573	\$ 46,528,353
Designated for economic uncertainties	\$ 15,822,735	\$ 17,006,094	\$ 16,290,249	\$ 13,039,261
Undesignated fund balance	\$ (44,999,934)	\$ 45,095,089	\$ 65,461,324	\$ 33,489,092
Available reserves as percentages of total outgo	<u>-3.7%</u>	<u>7.3%</u>	<u>10.0%</u>	<u>7.1%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ 2,114,344,933	\$ 1,712,096,015	\$ 1,734,733,071	\$ 1,467,939,991
Average daily attendance at P-2, excluding Adult and Charter School	<u>33,321</u>	<u>33,406</u>	<u>33,673</u>	<u>33,727</u>

The fund balance of the General Fund has increased by \$47,276,861 over the past three years. The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2025-2026 fiscal year. For a district of this size, the state recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses (total outgo). For the year ended June 30, 2025, the District has met this requirement. The District's projects that its available reserves for the year ended June 30, 2026 will not meet the 2% reserve requirement. Refer to Note 13 in the Notes to Financial Statements for further information regarding management's plan for increasing the available reserve percentage.

Total long-term liabilities have increased by \$244,156,024 over the past two years.

Average daily attendance has decreased by 321 over the past two years. The District anticipates a decrease of 85 ADA for the 2025-2026 fiscal year.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2025

Charter No.	Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0598	Aspire Capitol Heights Academy	Separate Report
0018	Bowling Green Charter Elementary	Included as Charter Schools Fund
0775	California Montessori Project Capitol Campus	Separate Report
1273	Capitol Collegiate Academy	Separate Report
0588	George Washington Carver School of Arts and Science	Included as Charter Schools Fund
1848	Growth Public Schools	Separate Report
0640	Language Academy of Sacramento	Separate Report
0586	The Met Sacramento High School	Included as Charter Schools Fund
1690	New Joseph Bonnheim (NJB) Community Charter School	Included as Charter Schools Fund
0585	New Technology High School	Included as Charter Schools Fund
0596	Sacramento Charter High School	Separate Report
1948	Sacramento Academic and Vocational Academy (SAVA)	Separate Report
0552	Sol Aureus College Preparatory	Separate Report
0491	St. HOPE Public School 7	Separate Report
1186	Yav Pem Suab Academy	Separate Report

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
For the Year Ended June 30, 2025

	Academic and Support <u>Services*</u>	Child <u>Care*</u>
Revenues		
Other local sources	\$ 620	\$ 70,390
Expenditures:		
Certificated salaries	-	19,955
Classified salaries	-	16,864
Employee benefits	-	25,230
Books and supplies	374	2,395
Contract services and operating expenditures	246	2,895
Indirect costs	-	3,051
Total expenditures	620	70,390
Change in fund balance	-	-
Fund balance, July 1, 2024	-	-
Fund balance, June 30, 2025	\$ -	\$ -

* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 70 to 71 of the financial statements for a complete presentation of the Child Development Fund.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

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

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements: This schedule provides the information necessary to reconcile fund balances of all funds as reported on the Annual Financial and Budget Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2025-26 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

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

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

NOTE 2 – EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2025, the District did not adopt this program.

OTHER INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2025

Sacramento City Unified School District, a political subdivision of the State of California, was established on July 7, 1936. The territory covered by the District does not include certain areas of the City of Sacramento but does include some contiguous territory located outside city boundaries, but within Sacramento County boundaries. There were no changes in the District boundaries in the current year under audit. The District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers, two dependent charter elementary schools (grades K-6), three dependent charter high schools (grades 9-12), seven independent charters residing in District facilities, three independent charters not residing in District facilities, thirty-six preschool programs, three before/after school children's centers, and thirty-three transitional kindergarten programs.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jasjit Singh	President	December 2026
Tara Jeane	Vice President	December 2026
Chinua Rhodes	Second Vice President	December 2028
Jose Navarro	Member	December 2028
April Ybarra	Member	December 2028
Taylor Kayatta	Member	December 2026
Michael Benjamin	Member	December 2028
Maggie Kemper	Student Member	June 2026

ADMINISTRATION

Lisa Allen⁽¹⁾
Superintendent

Mary Hardin Young
Deputy Superintendent

Brian Heap
Chief Communications Officer

Janea Marking⁽²⁾
Chief Business and Operations Officer

Cancy McArn⁽¹⁾
Chief Human Resources Officer and Lead Negotiator

Timothy Rocco
Chief Information Officer

Yvonne Wright
Chief Academic Officer

⁽¹⁾ Cancy McArn was appointed as Interim Superintendent effective February 5, 2026.

⁽²⁾ Lisa Grant-Dawson was appointed as Interim Chief Business and Operations Officer on January 12, 2026.

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance

Qualified Opinion on State Compliance

We have audited Sacramento City Unified School District's (the District) compliance with the requirements specified in the State of California *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Qualified Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on State Compliance

As described in the accompanying Schedule of Audit Findings and Questioned Costs as items 2025-003 and 2025-004 the District did not comply with requirements regarding Attendance and Independent Study. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

(Continued)

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements noted in the table below occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements noted in the table below is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements noted in the table below and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>2024-25 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes

(Continued)

2024-25 K-12 Audit Guide Procedures (continued)

Procedures
Performed

M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools	Yes
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes
<i>School Districts, County Offices of Education, and Charter Schools:</i>	
T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	N/A, see below
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
FZ. Kindergarten Continuance	Yes
<i>Charter Schools:</i>	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction	Yes
EE. Annual Instructional Minutes-Classroom Based	Yes
FF. Charter School Facility Grant Program	N/A, see below

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

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

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

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

The District did not have any expenditures from the Expanded Learning Opportunities Grant funds in the current fiscal year; therefore, we did not perform any procedures related to this requirement.

We did not perform any procedures related to the Career and Technical Education Incentive Grant because per the California Department of Education the District did not receive an allocation of CTEIG in the audit year.

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

(Continued)

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

Other Matters

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-004 to be a material weakness.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Crowe LLP

Sacramento, California
April 7, 2026

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

Board of Education
Sacramento City Unified School District
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District as of and for the year ended June 30, 2025, 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 April 7, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, as described in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2025-001, that we consider to be a material weakness.

(Continued)

Report on Compliance and Other Matters

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

We also noted other matters, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2025-002, which are required to be reported under *Government Auditing Standards*.

Sacramento City Unified School District's Response to Findings

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

Purpose of this Report

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


Crowe LLP

Sacramento, California
April 7, 2026

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance on First 5 Sacramento County Program***Opinion on Compliance on First 5 Sacramento County Program***

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that could have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2025.

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, 2025.

Basis for Opinion on Compliance with State Laws and Regulations

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

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Program Guidelines, we:

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

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Sacramento, California
April 7, 2026

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Sacramento City Unified School District's major federal program for the year ended June 30, 2025. Sacramento City Unified School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

(Continued)

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

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

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

Crowe LLP

Sacramento, California
April 7, 2026

FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

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

Noncompliance material to financial statements noted?

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

Internal control over major programs:

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

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

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

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Programs

Dollar threshold used to distinguish between Type A and Type B programs: \$2,952,618

Auditee qualified as low-risk auditee?

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

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-001 MATERIAL WEAKNESS – INTERNAL CONTROLS OVER FINANCIAL REPORTING AND BUDGETING (30000)

Criteria: Management is responsible for assessing whether substantial doubt exists regarding a government's ability to continue as a going concern for at least 12 months beyond the financial statement date. In accordance with Education Code section 42127.01, the District must maintain available unrestricted reserves of at least 2% of total General Fund expenditures and other outgo to demonstrate fiscal solvency.

Condition: As discussed in Note 13 to the financial statements, the District's General Fund has experienced significant deficit spending. In addition, the District has significant continuing expenditures which were initially funded through one-time resources; however, these one-time resources have since expired, and the corresponding expenditures associated with the one-time program have not been adequately reduced/eliminated. Further, the District incurred expenditures related to fiscal year June 30, 2025 which exceeded the budgetary authority creating a larger deficit than approved in the original and final budget. In connection with expenditures having exceeded budgetary authority, significant expenditures associated with certain contracts were incurred prior to the formal approval of those contracts by the Board of Education.

As a result, the General Fund's cash flows are not projected to provide sufficient resources to meet future financial obligations through at least 12 months beyond the financial statement date, and the period shortly thereafter. In addition, the District projects that, for the year ended June 30, 2026, it will not meet the 2% minimum reserve requirements in accordance with Education Code section 42127.01.

Effect: The inability to effectively manage expenditures against corresponding available funding, and inadequate controls over actual spending in relation to budget, have raised substantial doubt about the District's ability to continue as a going concern.

Cause: The factors contributing to the District's financial condition include, but are not limited to, the following items (which are also discussed Note 13 to the financial statements):

- unsustainable expenditures which create significant structural deficit spending
- declining local enrollment of students
- insufficient cash flow to meet obligations for at least 12 months beyond the year ended June 30, 2026, and for the period shortly thereafter

Identification of Repeat Finding: Not applicable.

Recommendations: The District's management, along with the governing board, should develop and implement/enhance budget monitoring procedures to ensure fiscal solvency of the District. The District's budget should be developed with sufficient detail to identify each source of revenue, and corresponding expenditures to be expected for each revenue source.

Further, management should fully implement a Fiscal Solvency Plan that includes specific, measurable strategies to support and maintain long-term financial health for the District. The Fiscal Solvency Plan should incorporate any necessary expenditure reduction measures and other mitigation strategies designed to build reserves to meet the State's minimum 2% reserve requirement. Doing so will provide a financial buffer against future operational uncertainties.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-001 MATERIAL WEAKNESS – INTERNAL CONTROLS OVER FINANCIAL REPORTING AND BUDGETING (30000) (Continued)

Recommendations (continued): Until the Fiscal Solvency Plan is fully implemented, the District should continue to perform a regular cash flow analysis of its General Fund (and any other key operating funds) with a view to verifying sufficient liquidity is available to meet any and all obligations as they are due.

Views of Responsible Officials and Planned Corrective Actions: The District concurs with the recommendations to support Fiscal Solvency and as of January 2026 has started corrective actions as follows:

2025-26 Fiscal Year:

- Reviewed and revised the adopted 2025-26 Fiscal Solvency Plan with continued efforts to develop strategies to support improved outcomes for the 2025-26 fiscal year.
- Conducted Monthly Cash Flow Projection Updates
- Provided Fiscal Solvency Plan Updates to the Cabinet, Governing Board, and Sacramento County Office of Education (SCOE).
- Additional temporary support from two retired Chief Business Officials in light of the current state of the business services leadership staffing to expedite the development of a stronger fiscal solvency plan and ongoing outcomes. This effort is funded by the SCOE.
- Requested FCMAT technical support for a 10-day intensive in April 2026 focused on the analysis and reconciliation of the District's balance sheet accounts. This effort is also being funded by the SCOE.
- Continue planned recruitment of a permanent Chief Business Official and provide strategic recommendations for the support required for the successful leadership of the chosen candidate in meeting and exceeding the District's fiscal sustainability needs.
- Develop Revised Five Year Fiscal Solvency (Sustainability) Plan Revision - FY2025-2030
 - Providing more data, analysis, and information for board, staff, and constituent partnership on the Budget Development Process.
 - Providing more options for engagement and strategy sharing with all constituents.
 - Provide clear status and strategies for uses of funding based on funding projections and compliant use of funding.
 - Identify Base and Supplemental/Concentrated services and the funding available for use to clearly support District priorities and support. reductions in spending based on available funding.
 - Tighten planning, analysis, and annual tasks for Budget Development and Interim work to improve projection and analysis timelines for activities and spending.
 - Include FCMAT Risk Analysis Metric and Material Weakness Data points and develop update strategies and timelines for updates.
 - Develop strategic programmatic recommendations that are subsequently adopted for year over year implementation to include the core school District planning and funding methods.
 - Enrollment
 - Attendance
 - Staffing Calculations and Position Control
 - Local Control Accountability Goals and Metrics
 - Efficient and complete use of Restricted Funding aligned to goals and strategies
 - Impacts to Compensation
 - District Programming and requirements
 - Restricted funding availability and cycle spending timelines
 - Impact and Requirements of Collective Bargaining Agreements
 - Cash Flow Projections

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

2025-001 MATERIAL WEAKNESS – INTERNAL CONTROLS OVER FINANCIAL REPORTING AND BUDGETING (30000) (Continued)

Views of Responsible Officials and Planned Corrective Actions(Continued):

- **2026-27 Fiscal Year:**
 - Completed the Budget Development process with planned reductions and subsequent staffing adjustments currently being analyzed prior to adoption.
 - Developing the 2026-27 Budget with a clear lens on balancing and identifying short and long term options and challenges as the projected reductions required to balance the budget were insufficient to reduce the deficit.
 - Improve staff knowledge and development of accounting standards to obtain measurable outcomes for the District's financial and operational future.
 - Develop improved updates and knowledge sharing sessions with the Board, Cabinet, and constituents beyond standard board meetings.
 - Provide clear status and strategies for funding use based on funding projections and compliant use of funding.
 - Identify base and supplemental/concentrated services and the funding available for use to clearly support District priorities and support reductions in spending based on available funding.
 - Clearly and timely identify the District's deficits and the developed strategies to address them.
 - Continue building on the strategic multi-year implementation framework for the out-years, measuring progress, and continuing to amend the plan as required.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-002 DEFICIENCY – INTERNAL CONTROLS – ASSOCIATED STUDENT BODY (30000)

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

Condition: The following items were noted regarding associated student body internal control assessed at the sites sampled in the year under audit:

Camela Elementary:

- The Office Manager does not dual-count cash collections with the teacher or student submitting cash receipts.

Crocker Elementary:

- The school did not complete a Request for Fundraising Activities form for a revenue producing activity.

Isador Cohen Elementary:

- The school did not complete a Request for Fundraising Activities form for a revenue producing activity.
- The school has a single annual deposit however they never make purchases therefore the cash balance has slowly increased with no current plan to spend down.

Albert Einstein Middle:

- The Office Manager does not dual-count cash collections with the teacher or student submitting cash receipts.
- The school does not prepare profit and loss statements for the student store.
- The school does not document who prepares and reviews periodic inventory counts for the student store.

Arthur Benjamin Health Professions High:

- The school did not complete a Request for Fundraising Activities form for a revenue producing activity.
- The school does not prepare profit and loss statements for the student store.

Effect: ASB funds could potentially be misappropriated.

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

Identification of Repeat Finding: This is a repeat finding of 2024-001, further described in the Schedule of Prior Year Audit Findings and Recommendations.

Recommendations: The District’s management team should implement the following:

- The student store inventory counts should occur periodically throughout the year and the count sheets should be signed and dated.
- Profit and loss statements for the student store should be prepared and reviewed periodically.
- Request for Fundraising Activities forms should be prepared and approved for all revenue producing activities.
- The Office Manager should count cash with the teacher or student submitting cash receipts present.
- The Balance Carryover form should be completed annually to document the school’s plan to spend ASB funds.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

2025-002 DEFICIENCY – INTERNAL CONTROLS – ASSOCIATED STUDENT BODY (30000)
(Continued)

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

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025-003 DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)

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

Condition: One student was improperly recorded as present at Suy:u Elementary School, resulting in an overstatement of one day of attendance.

Effect: The effect of this finding is an overstatement of 0.01 ADA.

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

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

Identification of Repeat Finding: This is partially a repeat of finding 2024-004, further described in the Schedule of Prior Year Audit Findings and Recommendations.

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

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2025-004 MATERIAL WEAKNESS – STATE COMPLIANCE – INDEPENDENT STUDY (40000)

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

Condition:

Leonardo da Vinci K-8 School –

- One student was claimed for six days of independent study attendance apportionment; however, they did not have a signed agreement and were inaccurately coded to independent study, resulting in an overstatement of 0.05 ADA.

West Campus High School –

- One student was not claimed for one day of independent study attendance apportionment; however, they completed all requirements of the independent study agreement, resulting in an understatement of 0.01 ADA.

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

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

Fiscal impact: The effect of this finding is an overstatement of 0.05 ADA in Grade Span 4-6 for a total overstatement of approximately \$578; and an understatement of 0.01 ADA in Grade Span 9-12 for a total understatement of \$118.

Identification of Repeat Finding: This is partially a repeat of finding 2024-005, further described in the Schedule of Prior Year Audit Findings and Recommendations.

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

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

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2025

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

Condition:

C.K. McClatchy High School –

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

George Washington Carver –

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

Luther Burbank High School –

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

New Technology High –

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

Will C. Wood Middle School –

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

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

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

Current Status: Not implemented.

District Explanation if Not Implemented: Refer to current year audit Finding 2025-002.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2025

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

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

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

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

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

Condition: An invoice for construction services paid by the District in August 2024 included services provided in June 2024. Although the invoice included services performed prior to fiscal year-end, these amounts were not included in accounts payable as of June 30, 2024.

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

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

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

Condition: One student was improperly recorded as present at John Bidwell Elementary School, resulting in an overstatement of one day of attendance. One student was improperly recorded as present at John Still Elementary School, resulting in an overstatement of two days of attendance. Three students were improperly recorded as present at Sequoia Elementary School, resulting in an overstatement of three days of attendance.

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

Current Status: Not implemented.

District Explanation if Not Implemented: Refer to current year audit Finding 2025-003.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2025

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

Condition: A sample of 16 students were claimed for attendance apportionment at Capital City School before written agreements were signed by one or more of the required parties, resulting in an overstatement of 1.34 ADA. One student was claimed for one day of independent study attendance at Ethel Phillips Elementary School outside of the written agreement term, resulting in an overstatement of 0.01 ADA.

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

Current Status: Not implemented.

District Explanation if Not Implemented: Refer to current year audit Finding 2025-004.

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

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

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

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

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

Condition: One or more of the attributes on the school accountability report card was not consistent with the information of the Facility Inspection Tool (FIT) for each of the following sites:

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

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

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2025

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

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

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

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**MEASURE H GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS**

June 30, 2025

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

MEASURE H GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS
June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Measure H General Obligation Bonds (the "Bonds") activity of Sacramento City Unified School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure H General Obligation Bonds activity, of Sacramento City Unified School District, as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial activity and balances of the Measure H General Obligation Bonds activity and do not purport to, and do not, present fairly the financial position of Sacramento City Unified School District, as of June 30, 2025, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

(Continued)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sacramento City Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2026 on our consideration of the 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 for the Bonds activity. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance for the Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Bonds activity.



Crowe LLP

Sacramento, California
April 7, 2026

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2025

ASSETS

Cash and investments (Note 3)	\$ 242,267,807
Receivables	2,318,662
Due from other funds (Note 4)	<u>5,003</u>
Total assets	<u>\$ 244,591,472</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 45,950,389
Due to other funds (Note 4)	<u>1,033,477</u>
Total liabilities	46,983,866
Fund balance – restricted (Note 5)	<u>197,607,606</u>
Total liabilities and fund balance	<u>\$ 244,591,472</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
For the Year Ended June 30, 2025

Revenues:	
Interest income and change in fair market value	\$ 11,451,478
Expenditures:	
Current:	
Classified salaries	424,638
Employee benefits	233,740
Materials and supplies	1,747,163
Contract services and operating expenditures	888,491
Capital outlay	<u>233,179,348</u>
Total expenditures	<u>236,473,380</u>
Deficiency of revenues under expenditures and change in fund balance	(225,021,902)
Fund balance, July 1, 2024	<u>422,629,508</u>
Fund balance, June 30, 2025	<u>\$ 197,607,606</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies Sacramento City Unified School District (the “District”) conform to accounting principles generally accepted in the United States of America applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education’s California School Accounting Manual. The activities of the Measure H General Obligation Bonds are recorded along with other activities in the District’s Building Fund. 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 (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Bonds only. The activities of the Bonds are recorded in the District’s Building Fund. These financial statements are not intended to present the financial position or results of operations of Sacramento City Unified School District as a whole.

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

The 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: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By State law, the District’s Board of Education must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District’s Board of Education satisfied these requirements.

The District’s Board of Education and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Receivables: Receivables are made up primarily of interest receivable as of June 30, 2025. The District has determined that no allowance for doubtful account was required as of June 30, 2025.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Building Fund in accordance with the Bond Project List for Measure H General Obligation Bonds.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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. Actual results could differ from those estimates.

NOTE 2 – GENERAL OBLIGATION BONDS

Bond Authorization: On March 3, 2020, the electorate of Sacramento City Unified School District approved the \$750 million “Measure H” General Obligation Bonds with greater than 55% of the qualified votes in favor.

Purpose of Bonds: The proceeds of the Measure H Bonds may be used to upgrade student classrooms, labs, libraries, and learning technology for quality instruction in math, science, arts and engineering; provide modern career training centers; update schools to meet current academic/safety standards; and acquire/repair/construct/equip school facilities.

Further Specifications

No Administrator Salaries

Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Bond Issuances: On July 21, 2022, the District issued 2022 General Obligation Bonds, Series A totaling \$225,000,000.

On June 27, 2024, the District issued 2022 General Obligation Bonds, Series B totaling \$262,500,000.

The bonds are general obligations of the District, and Sacramento County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – CASH AND INVESTMENTS

Pooled Funds:

Cash in County Treasury	\$ 113,092,905
Cash with Fiscal Agent	<u>129,174,902</u>
Total Cash and Investments	<u>\$ 242,267,807</u>

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

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects of General Obligation Bonds. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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, 2025, 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, 2025, the District had no concentration of credit risk.

NOTE 4 – INTERFUND TRANSACTIONS

Interfund activity: Transactions between funds of the District are recorded as interfund transfers. 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: Interfund receivable and payable balances for the Measure H Bonds were as follows at June 30, 2025:

Amount due from the Child Development Fund for reclassifying allowable expenditures.	\$ 5,003
Amount due to the General Fund for reclassifying allowable expenditures.	\$ 1,033,477

Transfers: Interfund transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended. There were no transfers in the 2024-25 fiscal year.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – FUND BALANCE CLASSIFICATION

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 are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure H General Obligation Bonds is restricted, as described below.

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. Fund balance is restricted for capital projects of the Building Fund in accordance with the Bond Project List for Measure H General Obligation Bonds.

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 Measure H General Obligation Bonds (the "Bonds") activity of Sacramento City Unified School District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's Measure H General Obligation Bonds activity financial statements, and have issued our report thereon dated April 7, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sacramento City Unified School District's internal control over Measure H General Obligation Bonds activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being written in a cursive-like font.

Crowe LLP

Sacramento, California
April 7, 2026

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2025

No matters were reported.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2025

**2024-001 SIGNIFICANT DEFICIENCY – INTERNAL CONTROL – GASB 31 FAIR MARKET VALUE
ADJUSTMENT FOR CASH IN COUNTY TREASURY (30000)**

Condition: The District miscalculated the net increase in the fair value of investments, resulting in a Measure H overstatement of cash of \$1,098,300.

Recommendation: The District should enforce controls to ensure accurate accounting for GASB 31.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**MEASURE H GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2025

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

MEASURE H GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

We have conducted a performance audit of the Sacramento City Unified School District (the "District") Measure H General Obligation Bond funds for the year ended June 30, 2025.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 5 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure H General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Sacramento City Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Sacramento City Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Sacramento City Unified School District expended Measure H General Obligation Bond funds for the year ended June 30, 2025 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California
April 7, 2026

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2025

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, “for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities,” upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens’ oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT MEASURE H GENERAL OBLIGATION BONDS

On March 3, 2020 the electorate of Sacramento City Unified School District approved the \$750 million “Measure H” General Obligation Bonds with greater than 55% of the qualified votes in favor. A summary of the text of the ballot language was as follows:

“To upgrade student classrooms, labs, libraries, and learning technology for quality instruction in math, science, arts and engineering; provide modern career training centers; update schools to meet current academic/safety standards; and acquire/repair/construct/equip school facilities shall Sacramento City Unified School District issue \$750 million in bonds at legal rates, levying 5¢ per \$100 assess value (\$35 million annually) while bonds are outstanding, with citizen oversight/audits and all funds locally controlled.”

BOND PROJECT LIST

Projects to support Science, Technology, Engineering, Arts and Math (STEAM) and Career Technical Education (“CTE”) Programs

- Classrooms, labs, collaboration spaces, and maker spaces;
- Infrastructure and equipment for labs/classrooms;
- Equipment and infrastructure, including but not limited to equipment and infrastructure to support future-ready learning;
- Outdoor learning spaces and gardens;
- Fine and performing arts spaces;
- Classroom furniture and equipment, including, but not limited to future ready furniture and equipment;
- Classroom/laboratory spaces and equipment for: culinary arts, woodshop, auto shop, construction trades, drafting, electronics, robotics, technology, biomedical, criminal justice, sustainable agriculture, and other CTE pathways.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2025

BOND PROJECT LIST (Continued)

Academic and Safety Equal Access Projects

- New classrooms, grounds and support facilities at older school sites;
- Exterior improvements including, but not limited to, painting, landscaping, and signage.

Projects to Enhance Technology

- Technology equipment and infrastructure including, but not limited to, computer systems and software, networking, cabling, and wireless;
- Electrical systems and infrastructure, including, but not limited to, generators, outdoor lighting, electrical wiring, and electrical panels;
- Future ready technology including, but not limited to, virtual classrooms, etc.

Projects to Improve Student and School Site Safety and Security

- Security systems, including, but not limited to, door locks, controlled access systems, fencing, gates, signage, lighting, fire alarms, intrusion alarms, communication systems and security cameras;
- Drop off and pick up areas, school site parking, walkways, alternative transportation infrastructure;
- Asphalt, concrete, sidewalks and pathways.

Projects to Support Physical Education and Athletic Programs

- Gymnasias, stadiums, team rooms, lockers rooms, weight rooms, fields, tracks, courts, pools, play structures, playgrounds, fencing, backstops, lighting, bleachers, restrooms, concessions, scoreboards, equipment necessary to preserve athletic facilities, and any other facilities used to in connection with physical education or athletics.

Projects to Improve Schools and Classrooms

- Classrooms, labs, restrooms, portable classrooms (including acquisition) structural repairs and improvements;
- Building components including, but not limited to, roofs, flooring, windows, doors, walls, siding, structural systems, electrical systems, interior and exterior paint, asbestos mitigation and facades;
- Plumbing, including but not limited to: water and sewage drainage, valves, back flow prevention, hydration stations, laterals, storm drains, water mains, sinks, water heaters, neutralization tanks, shower heads and other fixtures, etc.;
- Americans with Disabilities Act ("ADA") and other required or recommended code compliance improvements;
- HVAC systems including but not limited to, boilers, gas lines, control systems, automation systems, air quality monitors, chilled water coils, controls valves, etc.;
- Electrical systems and components;
- Landscape and water conservation improvements including but not limited to: tree mitigation, walkways, walkway covers, ramps, soil stabilization, soil mitigation, fencing, drainage, new or upgraded irrigation systems, paving and concrete, etc.;

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2025

BOND PROJECT LIST (Continued)

- New school and classroom construction;
- Acquisition of real property;
- Energy efficiency projects, including, but not limited to: renewable energy generation, energy management systems, electrical vehicle charging stations, energy efficient lighting systems, energy efficient windows, window shares, etc.;
- Installation of shade structures;
- Installation of plants, trees, and urban forests;
- Improvements and upgrades to non-instructional facilities such as: school site kitchens to support the District's central kitchen, multi-purpose buildings, administration, counseling areas, student services areas, restrooms, etc.

Projects Involving Renovation, Rehabilitation or Repair

For any project involving renovation, rehabilitation or repair of a building or the major portion of a building, the District shall be authorized to proceed with new replacement constructions instead (including any necessary demolition), if the Board of Education determines that replacement and new construction is more practical than renovation, rehabilitation and repair, considering the building's age, condition, expected remaining life, comparative cost, and other relevant factors.

The Board shall set aside at least one percent (1%) of the proceeds of the Bonds to improve access to preschool education by increasing capacity, including modernizing existing preschool classrooms, and/or constructing new preschool facilities.

Bond Issuances: On July 21, 2022, the District issued 2022 General Obligation Bonds, Series A totaling \$225,000,000. The Bond proceeds are intended for the purposes of the bond measure passed by voters on March 3, 2020, Measure H.

On June 27, 2024, the District issued 2022 General Obligation Bonds, Series B totaling \$262,500,000. The Bond proceeds are intended for the purposes of the bond measure passed by voters on March 3, 2020, Measure H.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2025

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure H General Obligation Bond funds for the year ended June 30, 2025 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure H General Obligation Bond projects and specific expenditures for the year ended June 30, 2025 (the "List"). A total of \$236,473,380 in expenditures to Measure H from July 1, 2024 through June 30, 2025 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure H General Obligation Bond project expenditures for the year ended June 30, 2025:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District to the District's audited Measure H General Obligation Bonds financial statements for the year ended June 30, 2025.
- Selected a sample of 33 non-payroll expenditures totaling \$82,637,146 in addition to payroll related expenditures totaling \$95,169. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 35% of the total expenditure value. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects. We also verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Sacramento City Unified School District expended Measure H General Obligation Bond funds for the year ended June 30, 2025 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE H GENERAL OBLIGATION BONDS
SCHEDULE OF SPECIFIC EXPENDITURES TESTED
June 30, 2025

<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
1. Jones-Campbell Co	09/11/24	\$ 409,978
2. Jones-Campbell Co	08/14/24	307,265
3. Robert Bothman Construction Inc	08/07/24	1,516,033
4. Robert Bothman Construction Inc	09/25/24	1,023,982
5. D.L. Falk Construction Inc	10/16/24	2,008,782
6. D.L. Falk Construction Inc	10/30/24	1,029,675
7. D.L. Falk Construction Inc	12/11/24	1,374,209
8. Skanska USA Building Inc	02/19/25	899,920
9. Robert Bothman Construction Inc	09/25/24	748,130
10. Rodan Builders Inc	08/07/24	1,320,763
11. Rodan Builders Inc	08/21/24	1,265,498
12. Lamon Construction Co Inc	09/18/24	2,901,735
13. Balfour Beatty – Clark Sullivan	07/03/24	1,931,662
14. Balfour Beatty – Clark Sullivan	02/05/25	4,216,684
15. Core West, Inc FKA	12/11/24	4,578,457
16. John F Otto Inc	12/19/24	4,961,701
17. John F Otto Inc	10/09/24	5,492,900
18. Core West, Inc FKA	05/07/25	5,214,538
19. John F Otto Inc	01/29/25	4,115,150
20. Balfour Beatty – Clark Sullivan	10/23/24	3,955,368
21. Balfour Beatty – Clark Sullivan	04/23/25	3,803,153
22. S+B James Construction	09/25/24	3,615,849
23. Core West, Inc FKA	01/15/25	3,241,853
24. Core West, Inc FKA	12/11/24	3,188,710
25. Balfour Beatty – Clark Sullivan	11/20/24	3,109,663
26. Balfour Beatty – Clark Sullivan	09/04/24	3,041,568
27. XL Construction Corp	06/30/25	8,793,562
28. Core West, Inc FKA	09/04/24	982,146
29. Rodan Builders Inc	07/26/24	901,760
30. S+B James Construction	12/19/24	854,268
31. Rodan Builders Inc	11/20/24	686,313
32. D.L. Falk Construction Inc	03/12/25	607,971
33. CA Dept of General Services Division of State Architect	09/11/24	537,900
		\$ 82,637,146

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**MEASURE Q GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS**

June 30, 2025

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS
FINANCIAL STATEMENTS
June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Measure Q General Obligation Bonds (the "Bonds") activity of Sacramento City Unified School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Measure Q General Obligation Bonds activity, of Sacramento City Unified School District, as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial activity and balances of the Measure Q General Obligation Bonds activity and do not purport to, and do not, present fairly the financial position of Sacramento City Unified School District, as of June 30, 2025, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

(Continued)

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sacramento City Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2026 on our consideration of the 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 for the Bonds activity. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance for the Bonds activity. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance for the Bonds activity.



Crowe LLP

Sacramento, California
April 7, 2026

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
BALANCE SHEET
June 30, 2025

ASSETS

Cash and investments (Note 3)	\$ 27,236
Receivables	<u>3,049</u>
Total assets	<u>\$ 30,285</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ <u>11,600</u>
Fund balance – restricted (Note 4)	<u>18,685</u>
Total liabilities and fund balance	<u>\$ 30,285</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE
For the Year Ended June 30, 2025

Revenues:	
Interest income and change in fair market value	\$ 44,676
Expenditures:	
Current:	
Classified salaries	460,870
Employee benefits	288,702
Materials and supplies	2,763,021
Contract services and operating expenditures	215,956
Capital outlay	<u>25,399,622</u>
Total expenditures	<u>29,128,171</u>
Change in fund balance	(29,083,495)
Fund balance, July 1, 2024	<u>29,102,180</u>
Fund balance, June 30, 2025	<u>\$ 18,685</u>

The accompanying notes are an integral part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies Sacramento City Unified School District (the “District”) conform to accounting principles generally accepted in the United States of America applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with policies and procedures of the Department of Education's *California School Accounting Manual*. The activities of the Measure Q General Obligation Bonds are recorded along with other activities in the District's Building Fund. 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 (GASB). The following is a summary of the more significant accounting policies:

Financial Reporting Entity: The financial statements include the activity and balances of the Bonds only. The activities of the Bonds are recorded in the District's Building Fund. These financial statements are not intended to present the financial position or results of operations of Sacramento City Unified School District as a whole.

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

The 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: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all government funds. By State law, the District's Board of Education must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Education satisfied these requirements.

The District's Board of Education and Superintendent revise the budgets during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Receivables: Receivables are made up primarily of interest receivable as of June 30, 2025. The District has determined that no allowance for doubtful account was required as of June 30, 2025.

Restricted Fund Balance: Restricted fund balance includes resources which are legally or contractually restricted by external third parties. Fund balance is restricted for capital projects of the Building Fund in accordance with the Bond Project List for Measure Q General Obligation Bonds.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Accounting Estimates: The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that 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. Actual results could differ from those estimates.

NOTE 2 – GENERAL OBLIGATION BONDS

Bond Authorization: On November 6, 2012, the electorate of Sacramento City Unified School District approved the \$346 million “Measure Q” General Obligation Bonds with greater than 55% of the qualified votes in favor.

Purpose of Bonds: The proceeds of the Bonds may be used to better prepare students for college and careers by upgrading classrooms, science labs, computer systems and technology; renovating heating and ventilation system; reducing costs through energy efficiency; improving student safety and security systems; repairing roofs, floors, walkways, bathrooms, electrical, plumbing and sewer systems.

Further Specifications

No Administrator Salaries

Proceeds from the sale of bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

Bond Issuances: The District issued the following bond series for the purposes of the bond measure passed by the voters on November 6, 2012:

On June 27, 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 of which \$27,100,000 related to Measure R and \$42,900,000 related to Measure Q.

On May 14, 2015, the District issued 2015 General Obligation Bonds, Series C-1 and 2015 General Obligation Bonds, Series C-2, totaling \$66,260,000 and \$23,740,000, respectively.

On May 24, 2016, the District issued 2016 General Obligation Bonds Series D, totaling \$14,000,000.

On May 25, 2017, the District issued 2017 General Obligation Bonds Series E, totaling \$112,000,000.

On July 1, 2018, the District issued 2018 General Obligation Bonds Series F, totaling \$10,000,000.

On July 1, 2021, the District issued 2021 General Obligation Bonds Series G, totaling \$77,100,000.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – GENERAL OBLIGATION BONDS (Continued)

The Bonds are general obligations of the District, and Sacramento County is obligated to levy ad valorem taxes for the payment of and interest on, the principal of the Bonds. The Bond Interest and Redemption Fund is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the payment of interest and redemption of principal of the bonds issued by the District.

NOTE 3 – CASH AND INVESTMENTS

Deposits:

Cash in banks	27,186
Cash with Fiscal Agent	<u>50</u>

Total Cash and Investments	<u>\$ 27,236</u>
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Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. As of June 30, 2025, the carrying amount of Measure Q's accounts was \$354,489 and the bank balances totaled \$354,489. Bank balances were insured for \$250,000 and \$104,489 remained uninsured.

Cash with Fiscal Agent: Cash with Fiscal Agent represents funds held by Fiscal Agents restricted for capital projects. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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, 2025, 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, 2025, the District had no concentration of credit risk.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – FUND BALANCE CLASSIFICATION

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 are nonspendable, restricted, committed, assigned and unassigned. The fund balance of the Measure Q General Obligation Bonds is restricted, as described below.

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. Fund balance is restricted for capital projects of the Building Fund in accordance with the Bond Project List for Measure Q General Obligation Bonds.

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 Measure Q General Obligation Bonds (the "Bonds") activity of Sacramento City Unified School District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's Measure Q General Obligation Bonds activity financial statements, and have issued our report thereon dated April 7, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sacramento City Unified School District's internal control over Measure Q General Obligation Bonds activity financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Crowe LLP". The signature is stylized, with the "C" being large and the "LLP" being written in a more compact, cursive-like font.

Crowe LLP

Sacramento, California
April 7, 2026

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
SCHEDULE OF AUDIT FINDINGS
For the Year Ended June 30, 2025

No matters were reported.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2025

**2024-001 SIGNIFICANT DEFICIENCY – INTERNAL CONTROL – GASB 31 FAIR MARKET VALUE
ADJUSTMENT FOR CASH IN COUNTY TREASURY (30000)**

Condition: The District miscalculated the net increase in the fair value of investments, resulting in a Measure Q overstatement of cash of \$328,853.

Recommendation: The District should enforce controls to ensure accurate accounting for GASB 31.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

2024-002 MATERIAL WEAKNESS – INTERNAL CONTROL – ACCOUNTS PAYABLE (30000)

Condition: An invoice for construction services paid by the District in August 2024 included services provided in June 2024. Although the invoice included services performed prior to fiscal year-end, these amounts were not included in accounts payable as of June 30, 2024.

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

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

**MEASURE Q GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2025

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

MEASURE Q GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

We have conducted a performance audit of the Sacramento City Unified School District (the "District") Measure Q General Obligation Bond funds for the year ended June 30, 2025.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 6 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure Q General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Sacramento City Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Sacramento City Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Sacramento City Unified School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2025 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.



Crowe LLP

Sacramento, California
April 7, 2026

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2025

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, “for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities,” upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens’ oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution, and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT MEASURE Q GENERAL OBLIGATION BONDS

On November 6, 2012, the electorate of Sacramento City Unified School District approved the \$346 million “Measure Q” General Obligation Bonds with greater than 55% of the qualified votes in favor. A summary of the text of the ballot language was as follows:

“To better prepare students for college and careers by upgrading classrooms, science labs, computer systems and technology; renovating heating and ventilation system; reducing costs through energy efficiency; improving student safety and security systems; repairing roofs, floors, walkways, bathrooms, electrical, plumbing and sewer systems; shall Sacramento City Unified School District issue \$346 million in bonds with independent citizen oversight, no money for administrator salaries, and mandatory annual audits to guarantee funds are spent properly to benefit local children.”

BOND PROJECT LIST

Core Academic Renovation, Modernization, Repair and Upgrade Projects

Bond funds will be expended on projects to provide safe, secure and up-to-date facilities and equipment, to repair and replace aging infrastructure, to update school grounds, safety and security systems, to repair and replace plumbing, and to increase energy efficiency, and conserve resources, which projects would include, but not be limited to:

- Modernize, renovate, reconstruct, repair and/or upgrade classrooms, aging science labs, equipment and computer systems to meet current standards and support academic and career pathways necessary to prepare students to compete in a global economy;
- Repair, or replace old, leaky roofs and gutters, worn-out floors, doors, ceilings, walls, windows, lighting and restrooms;

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2025

BOND PROJECT LIST (Continued)

- Improve student safety and security systems, including lighting, fencing, gates, communications systems, cameras, and classroom door locks;
- Install energy efficient systems, such as solar photovoltaic panels, dual-pane windows, solar tube skylights, automatic hand dryers, and energy-efficient water heaters to reduce costs and protect the quality of instruction in core subjects like reading, math, science and technology;
- Upgrade technology infrastructure and electrical service capacity and distribution, to relieve overloaded electrical systems so that it can handle modern instructional technology;
- Repair or replace plumbing, fixtures, appliances, irrigation systems and drains with efficient alternatives such as low-flow fixtures and dual-flush toilets to improve water efficiency and reduce usage and costs;
- Construct, reconstruct, repair and renovate existing facilities to accommodate new or expanded programs as defined at specific school sites – technology center, learning labs, media center, health center, and other academic, college and career pathways;
- Repair, modernize or replace portable classrooms with permanent classrooms;
- Repair, upgrade and/or replace heating, ventilation, and air conditioning (HVAC) and lighting systems, with building code compliant energy efficient systems improving air quality and reducing operating costs, allowing the district to retain qualified teachers and programs;
- Make school site safety improvements to include repairing or replacing sidewalks, concrete and asphalt surfaces, including in the parking areas, the service areas, and the pick-up and drop-off areas and campus core areas;
- Make health and safety renovations and/or improvements including, but not limited to removal or mitigation of hazardous materials;
- Handicap accessibility improvements to meet current health, safety and instructional standards;
- Upgrade fire alarm systems, including fire safety equipment and sprinklers to make students safe in the event of an emergency.

Authorized Sites: Authorized at all District sites, including but not limited to: American Legion Continuation High School, C.K. McClatchy High School, John F. Kennedy High School, Hiram W. Johnson High School, Kit Carson School, Luther Burbank High Schools, West Campus High School, Albert Einstein Middle School, and Sacramento High School Facility.

Technology Upgrades throughout District

Bond funds will be used to provide technological upgrades including:

- Upgrade instructional technology in the classroom for improved student learning;
- Provide and maintain up-to-date technology, data and communications software and equipment;
- Upgrade electrical capacity and technology infrastructure, including fiber-optics and wireless internet access;
- Improve telephone, data, video, and communications systems.

Authorized Sites: These projects are authorized at all District sites.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2025

BOND PROJECT LIST (Continued)

District-Wide Fire and Irrigation Improvements

Bond funds will be used to make fire and irrigation improvements at all District school sites to improve student safety in the event of an emergency and to improve water and irrigation systems to reduce water usage and costs, which projects will include, but not be limited to:

- Upgrade, modernize, renovate and repair existing landscape irrigation service to include new “smart” irrigation meters;
- Replace, repair or upgrade fire hydrants;
- Upgrade fire alarm systems, including fire safety equipment and sprinklers to make students safe in the event of an emergency.

Authorized Sites: These projects are authorized at all District sites.

Resource and Energy Conservation Improvement Projects throughout the District

Bond funds will be used to implement resource and energy conservation improvements, including improvements that align with the District’s Sustainable Facilities Master Plan, to promote efficient use, and conservation of resources, reduce energy and water usage and costs, which projects would include, but not be limited to:

- Install energy efficient systems, such as solar photovoltaic panels, dual-pane windows, solar tube skylights, automatic hand dryers, and energy-efficient water heaters and other appliances to save money and natural resources;
- Upgrade, repair or replace plumbing fixtures, appliances, irrigations systems and drains with efficient alternatives, such as low-flow fixtures and dual-flush toilets;
- Modernize lighting systems, heating, ventilation, and air conditioning (HVAC) with building code compliant energy efficient systems, to conserve energy and improve classroom air quality;

Each project listed is assumed to include its share of costs of the election and bond issuance and other construction-related costs, such as construction management, architectural, engineering, inspection and other planning costs, legal, accounting and similar fees, independent annual financial and performance audits, a customary construction contingency, and other costs incidental to and necessary for design, planning, implementation and completion of the listed projects (whether work is performed by the District or by third parties), including:

- Remove, dispose of, and otherwise remediate hazardous materials, including asbestos, lead, etc., where necessary.
- Address unforeseen conditions revealed by construction/modernization (including plumbing or gas line breaks, dry rot, seismic, structural, etc.).
- Site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, demolition of existing structures, removing, replacing, or installing irrigation and drainage, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping, relocating fire access roads, traffic lights and mitigation, and acquiring any necessary easements, licenses, or rights of way to the property.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
BACKGROUND INFORMATION
June 30, 2025

BOND PROJECT LIST (Continued)

- Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatable) for students and school functions or other storage for classroom materials displaced during construction.
- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under a lease for any of these authorized facilities.
- Furnishing and equipping of existing and newly constructed, modernized or rehabilitated classrooms and facilities on an ongoing basis, including to replace worn, broken, or out-of-date furniture and equipment for all classrooms, athletic facilities and other facilities, as needed.
- For any project involving renovation, modernization, remodeling or rehabilitation of a building or the major portion of a building, the District may proceed with new replacement construction instead (including any necessary demolition), if the Board of Education determines that replacement and new construction is more practical than rehabilitation and renovation, considering the building's age, condition, expected remaining life, comparative cost, and other relevant factors.

The Bond Project List shall be considered a part of this ballot proposition, and shall be reproduced in any official document required to contain the full statement of the bond proposition.

Bond Issuances: The District issued the following bond series for the purposes of the bond measure passed by the voters on November 6, 2012:

On June 27, 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 of which \$27,100,000 related to Measure R and \$42,900,000 related to Measure Q.

On May 14, 2015, the District issued 2015 General Obligation Bonds, Series C-1 and 2015 General Obligation Bonds, Series C-2, totaling \$66,260,000 and \$23,740,000, respectively.

On May 24, 2016, the District issued 2016 General Obligation Bonds Series D, totaling \$14,000,000.

On May 25, 2017, the District issued 2017 General Obligation Bonds Series E, totaling \$112,000,000.

On July 1, 2018, the District issued 2018 General Obligation Bonds Series F, totaling \$10,000,000.

On July 1, 2021, the District issued 2021 General Obligation Bonds Series G, totaling \$77,100,000.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS
June 30, 2025

OBJECTIVES

The objective of our performance audit was to determine that the District expended Measure Q General Obligation Bond funds for the year ended June 30, 2025 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Trustees, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all Measure Q General Obligation Bond projects and specific expenditures for the year ended June 30, 2025 (the "List"). A total of \$29,128,171 in expenditures to Measure Q from July 1, 2024 through June 30, 2025 were identified.

METHODOLOGY

We performed the following procedures to the List of Measure Q General Obligation Bond project expenditures for the year ended June 30, 2025:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District to the District's audited Measure Q General Obligation Bonds financial statements for the year ended June 30, 2025.
- Selected a sample of 25 non-payroll expenditures totaling \$28,850,923 in addition to payroll related expenditures totaling \$100,685. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 99% of the total expenditure value. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects. We also verified that the funds used to pay the salaries of district employees were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Sacramento City Unified School District expended Measure Q General Obligation Bond funds for the year ended June 30, 2025 only for the specific projects developed by the District's Governing Board and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
MEASURE Q GENERAL OBLIGATION BONDS
SCHEDULE OF SPECIFIC EXPENDITURES TESTED
June 30, 2025

	<u>Vendor</u>	<u>Date</u>	<u>Amount</u>
1.	Jones-Campbell Co	10/09/24	\$ 417,017
2.	Jones-Campbell Co	10/09/24	344,650
3.	AM Stephens Construction	12/04/24	342,154
4.	Vanden Bos Electric	08/07/24	13,919
5.	KS Telecom Inc	11/20/24	67,003
6.	XL Construction Corp	08/07/24	1,121,757
7.	XL Construction Corp	08/21/24	2,974,000
8.	XL Construction Corp	09/25/24	2,474,375
9.	XL Construction Corp	10/23/24	1,176,991
10.	XL Construction Corp	01/15/25	820,256
11.	CORE WEST INC	10/09/24	238,621
12.	CORE WEST INC	01/08/25	251,356
13.	XL Construction	03/26/25	465,623
14.	Lamon Construction *	05/23/25	7,353,121
15.	Rodan Builders Inc *	05/01/25	7,147,886
16.	XL Construction Corp	06/05/25	680,680
17.	Jones-Campbell Co *	05/23/25	661,441
18.	Rodan Builders Inc	05/21/25	546,452
19.	Jones-Campbell Co *	05/01/25	537,503
20.	Jones-Campbell Co *	05/01/25	461,396
21.	Patio Designers LLC *	05/13/25	438,000
22.	Nacht & Lewis Arch	09/25/24	232,872
23.	Nacht & Lewis Arch	01/29/25	42,670
24.	3QC Inc	01/08/25	16,910
25.	Innovative Construction	10/09/24	24,270
			\$ 28,850,923

* The expenditures reflected above represent reclassifications of eligible project costs from other funding sources to Measure Q for the purpose of bond fund utilization.