

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COUNTY OF SACRAMENTO

SACRAMENTO, CALIFORNIA

FINANCIA

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

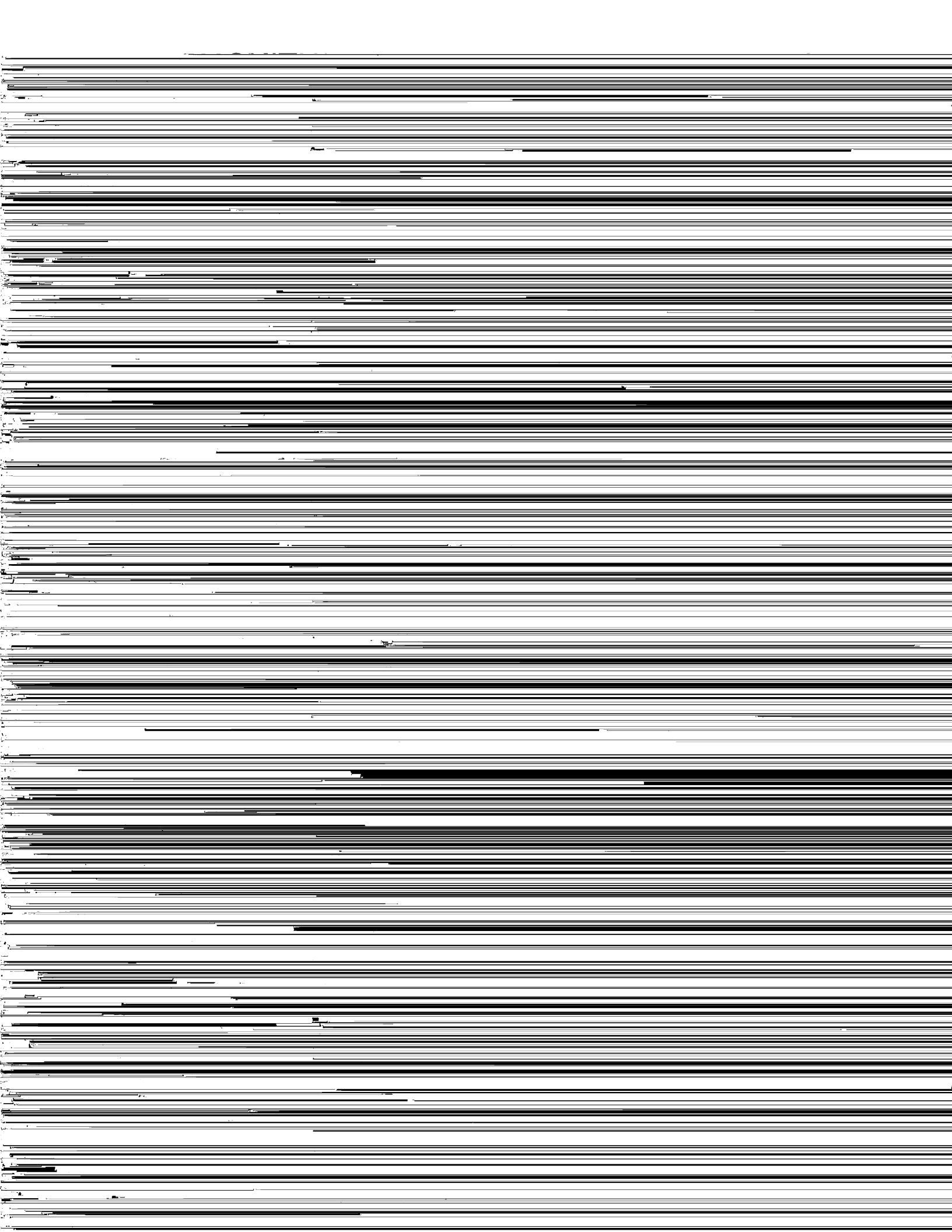
**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2010

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INDEPENDENT AUDITOR'S REPORT

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

- Career and College Ready Students: When children graduate from our schools, they will leave us as globally competitive, lifelong learners, prepared for college or a 21st Century career path of their choosing.
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Land is accounted for at purchase cost, not market value, and is not depreciated. Many of our school sites have low values for even today's market because the district acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation.

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

	June 30, 2010	June 30, 2009
Capital Assets	\$514,345,753	\$514,664,438
Other Assets	\$174,243,952	\$213,791,415
Total Assets	\$688,589,705	\$728,455,853

Current and Other Liabilities	\$ 39,985,892	\$ 47,716,577
Long-Term Liabilities	\$551,072,832	\$542,541,095
Total Liabilities	\$591,058,724	\$590,257,672
Net Assets Invested in Capital Assets (net of related debt)	\$ 87,907,735	\$109,673,696
Restricted Net Assets	\$ 109,332,265	\$ 96,156,964
Unrestricted Net Assets	\$ -99,709,019	\$ -67,632,479
Total Net Assets	\$ 97,530,981	\$138,198,181

Total Net Assets decreased primarily in Other Assets which includes Cash and Investments. Due to the state funding deferrals, cash on hand has been significantly reduced.

General Fund Financial and Budgetary Highlights

The General Fund accounts for the primary operations of the District. The District's initial

The General Fund ending balance decreased due to State Budget reductions after the adoption of the budget. The district relied on state fiscal stabilization funds to balance 2009-10. Through the District's efforts of improving attendance rates, the district should realize additional revenue maximization. Future financial performance is dependent on management's ability to continue to control expenses and maintain revenue levels. As evidenced in previous year's budget reductions, the Board has been proactive in making any necessary budget adjustments to maintain district fiscal integrity.

Capital Projects

Modernization and construction projects are scheduled to continue as we update our existing facilities and continue to close out construction on the School of Engineering and Science High School, John F. Kennedy High School Theater and the School of Engineering and Science Library which is a joint use venture with the City of Sacramento.

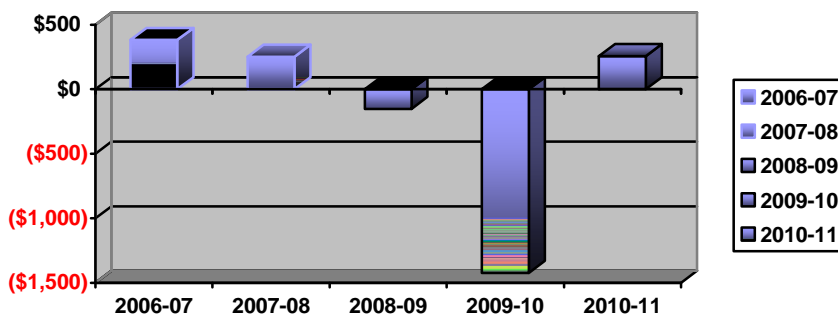
District Indebtedness

As of June 30, 2010 the District has incurred \$551,072,832 of long-term liabilities. Of this amount, \$350,082,966 is General Obligation Bonds backed by property tax increases voted on by district residents in 1999 and 2002, and \$2,400,000 is a Special Tax Bond, also backed by property tax increases voted on by residents.

Financial Issues

Over the last several years the State of California has experienced severe budget crises, causing fluctuations in available revenues. While there was a significant increase in funding for school districts for the 2006-07 fiscal year, the continuous variation makes it very difficult for planning and providing a high level of program and support for our students. The table below shows the unstable trend in state school funding:

Change in Per Pupil Funding



Funding

The District's average daily attendance decreased by 131 over the prior year. While enrollment numbers were up, two factors impacted our ADA. The implementation of a new attendance system impacted the district's ADA as well as the H1N1 flu virus that resulted in large numbers of absences.

Health Care Costs

District-Wide Health Care costs have been growing dramatically and continue to do so in this budget year. Rate increases continue to rise much faster than funding increases which negatively impacts the District's budget.

The District provides lifetime health benefits to all retired teachers and certain other employees who meet predetermined criteria. The annual actual payments for retiree benefits are included in the District-Wide Health Care costs. The District obtains an actuarial report at least every three years to determine the unfunded future liability for lifetime benefits.

December 2006 Liability	\$505.7 Million
December 2008 Liability	\$552.4 Million
Total Increase	\$ 46.7 Million

Through the negotiations process, efforts to fund the liability have started. Changes effective with the 2010-11 school year have been implemented.

Categorical Funding

As school revenues increased during the boom times of the late 1990's, much of the funds came to schools with strings attached. The 2008-09 fiscal year was instrumental in freeing up some of the strings attached to many state categorical programs – known as Tier III programs. While most state programs received a reduction in funding, districts were provided flexibility to use these funds to support any educational program. The use of these funds was instrumental in allowing the district to maintain a balanced budget while facing mid-year reductions.

Additional assistance was provided to the District by the federal government in the form of the ARRA funds. Stabilization funds as well as IDEA Special Education funds were received in 2008-09 and used to help balance the 2009-10 budget. District management must continue to closely monitor the District's limited financial resources to ensure the students of today receive the benefits of the categorical dollars.

The District's Future

During many years of funding reductions and increasing costs, the District has had to significantly reduce expenditures. The Board of Education and Superintendent have made it a priority to limit reductions that affect the classroom. However, despite best efforts, budget reductions and revenue enhancements totaling \$174 million over nine years has had a negative impact on the classroom. These difficult decisions helped enable the District to bring its General Fund expenditures in line with its revenue.

With a new Governor elected in 2010, a number of new legislators, new financial and economic projections and new political priorities in place for the 2010-11 fiscal year, the District will be watching the state funding crisis closely. The 2010-11 State Budget relies heavily on improved economics and revenues and billions of dollars from the federal government. Any economic downturn or dollars not received from the federal government would lead to further funding reductions. As in the past, the state could turn to education for the reductions.

The District will be looking at its *Strategic Plan 2010-14: Putting Children First* to fund priorities as the budget cycle continues.

Additionally, the Board of Education, Superintendent and staff have dedicated substantial time reviewing and discussing criteria and process for school consolidation and closures. It is important that valid criteria for this process – created with community and stakeholder input – is in place before any discussions begin.

There is no doubt that the next several years will be difficult financially. As we continue to work with our stakeholders and partners, their input, ideas and support will be necessary to maintain a fiscally sound district. Staff will continue to work closely with the Board of Education to ensure the District maintains its solid fiscal status.

Contacting the District's Financial Management

If you have questions regarding this report or need additional financial information, contact the Chief Business Officer at (916) 643-7840.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	\$ 76,114,632	\$ 2,787,183	\$ 78,901,815
Accounts receivable	85,807,359	2,909,414	88,716,773
Prepaid expenditures	3,863,112		3,863,112
Due from other funds (Note 3)	2,258,072		2,258,072
Stores inventory	150,479	353,701	504,180
Capital assets, net of accumulated depreciation (Note 4)	513,055,706	1,290,047	514,345,753
Total assets	681,249,360	7,340,345	688,589,705
LIABILITIES			
Accounts payable	20,428,792	326,922	20,755,714
Unpaid claims and claim adjustment expenses (Note 5)	3,202,693		3,202,693
Deferred compensation	6,503,281		6,503,281
Deferred revenue	7,266,132		7,266,132

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2010

<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and</u>	<u>Governmental</u>	<u>Business-Type</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2010

<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

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

June 30, 2010

Total fund balances - Governmental Funds	\$ 121,721,335
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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2010

	<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Revenue limit sources:				
State apportionment	\$ 154,299,252		\$ 7,442,700	\$ 161,741,952
Local sources	<u>60,544,496</u>			<u>60,544,496</u>
Total revenue limit	<u>214,843,748</u>		<u>7,442,700</u>	<u>222,286,448</u>
Federal sources	57,663,445		15,284,229	72,947,674
Other state sources	113,183,976		9,068,107	122,252,083
Other local sources	<u>9,442,044</u>	<u>\$ 178,471</u>	<u>33,586,608</u>	<u>43,207,123</u>
Total revenues	<u>395,133,213</u>	<u>178,471</u>	<u>65,381,644</u>	<u>460,693,328</u>
Expenditures:				
Certificated salaries	172,906,681		16,833,321	189,740,002
Classified salaries	54,043,150	399,071	7,764,845	62,207,066
Employee benefits	95,971,539	91,908	11,947,057	108,010,504
Books and supplies	12,699,281	93,978	2,606,214	15,399,473
Contract services and operating expenditures	58,552,553	3,087,087	5,513,023	67,152,663
Capital outlay	645,994	17,563,128	306,256	18,515,378
Other outgo	18,318		2,345	20,663
Debt service:				
Principal retirement	2,299,125		12,952,000	15,251,125
Interest	<u>29,192</u>	<u>23,244</u>	<u>18,095,380</u>	<u>18,147,816</u>
Total expenditures	<u>397,165,833</u>	<u>21,258,416</u>	<u>76,020,441</u>	<u>494,444,690</u>
Deficiency of revenues under expenditures	<u>(2,032,620)</u>	<u>(21,079,945)</u>	<u>(10,638,797)</u>	<u>(33,751,362)</u>
Other financing sources (uses):				
Operating transfers in	4,848,912		15,691,057	20,539,969
Operating transfers out	(16,191,057)		(3,948,390)	(20,139,447)
Proceeds from the issuance of capitalized lease obligations	<u>47,411</u>			<u>47,411</u>
Total other financing sources (uses)	<u>(11,294,734)</u>		<u>11,742,667</u>	<u>447,933</u>
Change in fund balances	(13,327,354)	(21,079,945)		

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, 2010

Net change in fund balances - Total Governmental Funds		\$ (33,303,429)
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 assets (Note 4).	\$ 18,436,461	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(18,734,021)	
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 assets (Note 6).	15,251,125	
In governmental funds, proceeds from debt are recognized as other financing sources. In the statement of net assets, proceeds from debt are reported as increases to liabilities (Note 6).	(47,411)	
Accreted interest is an expense that is not reported in the governmental funds (Note 6).	(1,328,400)	
Issuance costs and discounts related to the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the statement of net assets.	(248,468)	
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.	70,907	
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 assets for the Self-Insurance Fund was:	78,313	
In the statement of activities, expenses related to PARS 403(b), net OPEB liability and compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	<u>(22,407,051)</u>	<u>(8,928,545)</u>
Change in net assets of governmental activities		<u>\$ (42,231,974)</u>

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

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

June 30, 2010

ASSETS

Cash and investments:	
Cash in County Treasury	\$ 10,403,817
Cash with Fiscal Agent	500,000
Accounts receivable	<u>117,044</u>
 Total assets	 <u>11,020,861</u>

LIABILITIES

Accounts payable	2,007,344
Due to other funds	8,400
Unpaid claims and claim adjustment expenses	<u>3,202,693</u>
 Total liabilities	 <u>5,218,437</u>

NET ASSETS

Restricted	<u><u>\$ 5,802,424</u></u>
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The accompanying notes are an integral
part of these financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2010

Operating revenues:	
Self-insurance premiums	<u>\$ 9,416,946</u>
Operating expenses:	
Classified salaries	307,403
Employee benefits	172,871
Books and supplies	10,110
Contract services	<u>8,955,740</u>
Total operating expenses	<u>9,446,124</u>
Operating loss	(29,178)
Non-operating income:	
Interest income	<u>107,491</u>
Change in net assets	78,313
Total net assets, July 1, 2009	<u>5,724,111</u>
Total net assets, June 30, 2010	<u><u>\$ 5,802,424</u></u>

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SELF-INSURANCE FUND

For the Year Ended June 30, 2010

Cash flows from operating activities:
Cash received from self-insurance premiums

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND
CAFETERIA FUND

June 30, 2010

ASSETS

Cash and investments:	
Cash awaiting deposit	\$ 1,958
Cash on hand and in banks	2,783,225
Cash in revolving fund	2,000
Accounts receivable	2,909,414
Due from other funds	737,349
Stores inventory	353,701
Capital assets, net of accumulated depreciation	<u>1,290,047</u>
 Total assets	 <u>8,077,694</u>

LIABILITIES

Accounts payable	326,922
Due to other funds	<u>2,995,421</u>
 Total liabilities	 <u>3,322,343</u>

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
FUND NET ASSETS - PROPRIETARY FUND

CAFETERIA FUND

For the Year Ended June 30, 2010

Operating revenues:	
Food service sales	\$ 1,154,426
Other local revenues	663,912
Child Nutrition Programs:	
Federal	14,739,825
State	<u>1,175,677</u>
Total operating revenues	<u>17,733,840</u>
Operating expenses:	
Classified salaries	6,190,639
Employee benefits	3,077,205
Contract services and operating expenses	79,890
Food and supplies expenses	<u>6,422,297</u>
Total operating expenses	<u>15,770,031</u>
Operating income	<u>1,963,809</u>
Non-operating income:	
Interest income	1,487
Transfers in from other funds	<u>500,000</u>
Total non-operating income	<u>501,487</u>
Non-operating expense:	
Transfers to other funds	<u>(900,522)</u>
Change in net assets	1,564,774
Net assets, July 1, 2009	<u>3,190,577</u>
Net assets, June 30, 2010	<u><u>\$ 4,755,351</u></u>

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
CAFETERIA FUND

For the Year Ended June 30, 2010

Cash flows from operating activities:	
Cash received from food sales	\$ 1,871,091
Cash received from Child Nutrition Programs	15,427,560
Cash paid for operating expenses	<u>(16,568,968)</u>
Net cash provided by operating activities	<u>729,683</u>
Cash flows provided by investing activities:	
Interest income received	<u>1,487</u>
Cash flows used in financing activities:	
Cash paid for capital assets	(117,384)
Cash transfer from other funds	<u>500,000</u>
Net cash provided by financing activities	<u>382,616</u>
Change in cash and cash equivalents	1,113,786
Cash and cash equivalents balance, July 1, 2009	<u>1,673,397</u>
Cash and cash equivalents balance, June 30, 2010	<u><u>\$ 2,787,183</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 1,963,809</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	138,509
Increase (decrease) in:	
Accounts receivable	(435,189)
Due from other funds	(429,300)
Inventory	(40,223)
Increase in:	
Accounts payable	121,228
Due to other funds	(589,151)

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

For the Year Ended June 30, 2010

	<u>Retiree Benefits Trust</u>	<u>Scholarship Trust</u>	<u>Total</u>
Revenues:			
Other local sources	\$ 18,568,436	\$ 109,069	\$ 18,677,505
Expenditures:			
Contract services and operating expenditures	<u>17,057,507</u>		

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

B - Accounting for Fiscal Matters

1. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
2. Any deficits incurred by the Corporation will be reflected in the lease payments of the District. A

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets 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 Assets and the Statement of Change in Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets 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 each function. Interest on general long-term liabilities is losses, be

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

A - Governmental Fund Types (Continued)

2. Special Revenue Funds:

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

3. Capital Projects 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 Building, Developer Fees and Community F
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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

C - Fiduciary Funds

1. Trust Funds:

Retiree Benefits Trust Fund:

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

Scholarship Trust Fund:

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

2. Agency Funds:

Student Body Funds:

Student Body Funds are used to account for revenues and expenditures of the

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred 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 deferred revenue until earned.

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

Pooled Funds

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

Investments (continued)

Sacramento City Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investments funds are not subject to

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

3. INTERFUND TRANSACTIONS (Continued)

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2010 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 7,934,575	\$ 43,994,116
Building	35,131,633	12,552
Non-Major Funds:		
Charter School	2,402,394	1,060,460
Adult Education	5,018,558	2,667,961
Child Development	2,259,572	2,284,757
Capital Facilities		463,723
Proprietary Fund:		
Self-Insurance		8,400
Enterprise Fund:		
Cafeteria	737,349	2,995,421
Fiduciary Fund:		
Retiree Benefits Trust	3,309	
Totals	\$ 53,487,390	\$ 53,487,390

Interfund Transfers

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

Interfund transfers for the 2009-2010 fiscal year were as follows:

Transfer from the General Fund to the Charter School Fund for contribution.	\$ 500,000
Transfer from the General Fund to the Adult Education Fund for principal apportionment.	13,133,556
Transfer from the General Fund to the Child Development Fund for program apportionment.	731,603
Transfer from the General Fund to the Deferred Maintenance Fund for deferred maintenance projects.	1,325,898
Transfer from the General Fund to the Cafeteria Fund for repayment.	500,000
Transfer from the Cafeteria Fund to the General Fund for indirect support.	900,522

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers (Continued)

Transfer from the Charter Schools Fund to the General Fund for charter school fees and indirect support.	\$ 613,471
Transfer from the Adult Education Fund to the General Fund for indirect support and Adult Education fees.	2,652,893
Transfer from the Child Development Fund to the General Fund for indirect support.	<u>682,026</u>
	<u>\$ 21,039,969</u>

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2010 is shown below:

Balance July 1, 2009	Transfers and	Transfers and	Balance June 30,
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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5. SELF-INSURANCE CLAIMS

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

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

District management recomputes the liability annually using available updated claims data. Every three years, the District contracts with an actuary who performs 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 March 26, 2010.

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

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 3,672,115	\$ 4,171,358
Total incurred claims and claim adjustment expenses	8,955,740	9,542,946
Total payments	<u>(9,425,162)</u>	<u>(10,042,189)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 3,202,693</u>	<u>\$ 3,672,115</u>

6. LONG-TERM LIABILITIES

Special Tax Bonds

<u>Series</u>	<u>Interest Rate</u>	<u>Balance July 1, 2009</u>	<u>Current Year Proceeds</u>	<u>Current Year Maturities</u>	<u>Balance June 30, 2010</u>
1997 C	3.7% to 5.5%	<u>\$ 2,940,000</u>	<u>\$ -</u>	<u>\$ 540,000</u>	<u>\$ 2,400,000</u>

Special Tax Bonds outstanding represent the unpaid port O t O

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series B:

On March 27, 2001, the District issued 1999 General Obligation Bonds, Series B, totaling \$45,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 4.0% to 5.0% and are scheduled to mature through 2031 as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,135,000	\$ 1,836,675	\$ 2,971,675
2012	1,190,000	1,785,600	2,975,600
2013	1,240,000	1,732,050	2,972,050
2014	1,300,000	1,676,250	2,976,250
2015	1,365,000	1,611,250	2,976,250
2016-2020	7,900,000	6,963,750	14,863,750
2021-2025	8,090,000	4,780,500	12,870,500
2026-2030	12,870,000	1,993,000	14,863,000
2031	<u>2,000,000</u>	<u>78,500</u>	<u>2,078,500</u>
	<u>\$ 37,090,000</u>	<u>\$ 22,457,575</u>	<u>\$ 59,547,575</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series D:

On August 1, 2004, the District issued 1999 General Obligation Bonds, Series D, totaling \$55,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 2.5% to 5.125% and are scheduled to mature through 2029 as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 1,110,000	\$ 2,439,544	\$ 3,549,544
2012	1,225,000	2,395,144	3,620,144
2013	1,345,000	2,346,144	3,691,144
2014	1,470,000	2,292,344	3,762,344
2015	1,605,000	2,233,544	3,838,544
2016-2020	10,375,000	10,014,713	20,389,713
2021-2025	15,615,000	6,890,662	22,505,662
2026-2029	17,405,000	2,276,350	19,681,350
	<u>\$ 50,150,000</u>	<u>\$ 30,888,445</u>	<u>\$ 81,038,445</u>

Series A:

On March 1, 2003, the District issued 2002 General Obligation Bonds, Series A, totaling \$80,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 4.0% to 5.0% and are scheduled to mature through 2027 as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 400,000	\$ 1,903,950	\$ 2,303,950
2012	2,005,000	1,887,950	3,892,950
2013	2,000,000	1,807,750	3,807,750
2014	2,780,000	1,727,750	4,507,750
2015	3,010,000	1,616,550	4,626,550
2016-2020	19,980,000	6,011,775	25,991,775
2021-2025	13,440,000	1,677,356	15,117,356
2026-2027	1,290,000	67,250	1,357,250
	<u>\$ 44,905,000</u>	<u>\$ 16,700,331</u>	<u>\$ 61,605,331</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

Series 2005:

On July 1, 2005, the District issued 2002 General Obligation Bonds, Series 2005, totaling \$80,000,000. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 4.0% to 5.0% and are scheduled to mature through 2030 as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,300,000	\$ 3,740,500	\$ 6,040,500
2012	1,125,000	3,671,500	4,796,500
2013	1,330,000	3,615,250	4,945,250
2014	1,540,000	3,548,750	5,088,750
2015	1,770,000	3,471,750	5,241,750
2016-2020	12,900,000	15,771,250	28,671,250
2021-2025	21,495,000	11,741,750	33,236,750
2026-2030	<u>33,270,000</u>	<u>5,263,750</u>	<u>38,533,750</u>
	<u>\$ 75,730,000</u>	<u>\$ 50,824,500</u>	<u>\$ 126,554,500</u>

Series 2007:

On November 14, 2007, the District issued 2002 General Obligation Bonds, Series 2007, totaling \$64,997,966. Bond proceeds are being spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied by the County of Sacramento. The bonds bear interest at rates ranging from 3.5% to 5.0% and are scheduled to mature through 2033 as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,920,000	\$ 1,411,956	\$ 6,331,956
2012	1,460,000	1,165,956	2,625,956
2013	1,690,000	1,092,956	2,782,956
2014	1,700,000	1,033,806	2,733,806
2015	1,880,000	965,806	2,845,806
2016-2020	12,560,000	3,268,542	15,828,542
2021-2025	14,409,519	8,832,074	23,241,593
2026-2030	12,392,605	19,917,395	32,310,000
2031-2033	<u>6,250,842</u>	<u>13,134,158</u>	<u>19,385,000</u>

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

Certificates of Participation (COPs)

On April 18, 2001, COPs of \$43,580,000 were issued with variable interest rates ranging from 4.1% to 5.0% maturing on March 1, 2031, for the advance refunding of Series 1999C COPs (with remaining obligation of \$29,590,000) and to provide additional capital for construction

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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, 2010 is shown below:

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010	Amounts Due Within One Year
Governmental activities:					
Special Tax Bonds	\$ 2,940,000		\$ 540,000	\$ 2,400,000	\$ 570,000
General Obligation Bonds	362,182,966		12,100,000	350,082,966	12,270,000
Accreted interest	2,039,573	\$ 1,328,400		3,367,973	

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS

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

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2009-2010 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 43,541,716
Interest on net OPEB obligation	2,978,390
Adjustment to annual required contribution	<u>(2,458,242)</u>
Annual OPEB cost (expense)	44,061,864
Contributions made	<u>(18,486,584)</u>
Increase in net OPEB obligation	25,575,280
Net OPEB obligation - beginning of year	<u>66,186,442</u>
Net OPEB obligation - end of year	<u><u>\$ 91,761,722</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2010 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 50,295,381	34.6%	\$ 66,186,442
June 30, 2010	\$ 44,061,864	42.0%	\$

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT HEALTHCARE PLAN (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the p by a and

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

11. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Certificated salaries	\$ 98,766

Budget revision for the expenditures in excess of the budgeted amount was not made at the end of the fiscal year.

12. CALIFORNIA ADMINISTRATIVE SERVICES AUTHORITY (CASA)

Formation of CASA and Pension System

In June 2000, the District entered into a joint exercise of powers agreement with the Yolo County Office of Education to form the California Administrative Services Authority (CASA), a California "joint powers authority", in order to provide administrative services to its members and to offer an alternative retirement system to replace CalPERS and Social Security for certain electing District classified personnel. In order to participate in the CASA retirement system, District employees took a leave of absence from the District to become employed by CASA, and were contracted back to the District to work in their old positions and functions. So long as a public employer offers an acceptable alternative to, and does not participate in, CalPERS and Social Security, neither the employer nor its employees are required to contribute to those systems. By recapturing the Social Security contributions, CASA expected to be able to afford enhanced retirement benefits compared to CalPERS, and thus to attract and retain highly qualified staff for the District.

On April 1, 2004, the Board of Trustees of the District (the "Board") notified CASA that it intended to terminate the District's Operating Agreement under which CASA provided staff services to the District, effectively returning those employees to District employment as of July 1, 2004. (The Yolo County Office of Education took similar action in April 2004). The District no longer has any employees working for or through CASA.

Investigation of CASA and Potential District Liability

On December 16, 2003, MGT issued its report regarding the District's potential exposure as a result of its participation in CASA. In addition to the amount requested by CalPERS, MGT identified that the District could owe up to \$2.5 million to the State Department of Education to refund unearned "PERS Reduction" income received on account of District employees transferred to CASA employment, and \$3.2 million to the Social Security Administration in unpaid employer and employee contributions.

Since July 1, 2004, the District has resumed making ordinary contributions to CalPERS and Social Security for its former CASA employees. In a settlement agreement with CalPERS reached in January 2007, the District has also agreed to retroactively enroll former CASA employees into CalPERS for the time they were employed by CASA. The retroactive adjustments have been completed and payment to CalPERS for the additional service credit has been made.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

12. CALIFORNIA ADMINISTRATIVE SERVICES AUTHORITY (CASA) (Continued)

Investigation of CASA and Potential District Liability (Continued)

Meanwhile, the District is also making full payments to the bonds trustee under the loan agreement to provide for current payment of the outstanding CASA bonds. Although the District has the right under the loan agreement to prepay its obligation in full at any time in the amount of the

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Revenues:				
Revenue limit sources:				
State apportionment	\$ 161,452,450	\$ 150,065,698	\$ 154,299,252	\$ 4,233,554
Local sources	<u>67,045,471</u>	<u>62,886,872</u>	<u>60,544,496</u>	<u>(2,342,376)</u>
Total revenue limit	<u>228,497,921</u>	<u>212,952,570</u>	<u>214,843,748</u>	<u>1,891,178</u>
Federal sources	47,273,723	85,164,027	57,663,445	(27,500,582)
Other state sources	97,722,964	106,650,804	113,183,976	6,533,172
Other local sources	<u>5,661,838</u>	<u>7,739,795</u>	<u>9,442,044</u>	<u>1,702,249</u>
Total revenues	<u>379,156,446</u>	<u>412,507,196</u>	<u>395,133,213</u>	<u>(17,373,983)</u>
Expenditures:				
Certificated salaries	153,142,509	172,807,915	172,906,681	(98,766)
Classified salaries	49,750,262	57,837,200	54,043,150	3,794,050
Employee benefits	90,681,144	98,607,767	95,971,539	2,636,228
Books and supplies	11,187,868	37,142,776	12,699,281	24,443,495

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SUPPLEMENTARY INFORMATION

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

ALL AGENCY FUNDS

For the Year Ended June 30, 2010

Balance			Balance
July 1,			June 30,
2009	Additions	Deductions	

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS SSETS SSETS

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

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Student Body Funds (Continued)				
<u>Rosemont High School</u>				
Assets:				
Cash on hand and in banks	\$ 134,082	\$ 320,501	\$ 321,095	\$ 133,488
Accounts receivable:				
Local governments and other				
Stores inventory				
Capital assets				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>134,082</u>			

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

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Student Body Funds (Continued)				
<u>Charles A. Jones Skills and Education Center</u>				
Assets:				
Cash on hand and in banks	\$ 82,135	\$ 693,902	\$ 658,214	\$ 117,823
Accounts receivable:				
Local governments and other	59,220		30,797	28,423
Stores inventory	144,204		35,104	109,100
Capital assets				

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

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
Student Body Funds (Continued)				
<u>A. Warren McClaskey Adult Center</u>				
Assets:				
Cash on hand and in banks	\$ 17,848	\$ 16,234	\$ 11,046	\$ 23,036
Accounts receivable:				
Local governments and other				
Stores inventory				
Capital assets				
Total assets	<u>\$ 17,848</u>			

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

ALL AGENCY FUNDS
(Continued)
For the Year Ended June 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Student Body Funds (Continued)				
<u>Elementary and Middle Schools</u>				
Assets:				
Cash on hand and in banks	\$ 459,955	\$ 1,282,862	\$ 1,280,449	\$ 462,368
Accounts receivable:				
Local governments and other				
Stores inventory				
Capital assets				
Total assets	<u>\$ 459,955</u>	<u>\$ 1,282,862</u>	<u>\$ 1,280,449</u>	

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Sacramento City Unified School District, a political subdivision of the State of California, was established on July 7, 1936. The territory covered by the District does not include certain areas of the City of Sacramento, but does include some contiguous territory located outside city boundaries, but within Sacramento County boundaries. The District operated fifty elementary schools (grades K-6), five elementary/middle schools (grades K-8), nine middle schools (grades 7-8), one 7-12 middle/high school, seven high schools (grades 9-12), one independent study school, two continuation/alternative schools, five adult education centers, one special education center and sixty-five children's centers, serving infants through age 12. Ten charter schools also operated in the District serving kindergarten through grade twelve, four of which were governed by the District Board of Education. There were no changes to District boundaries for the current year.

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Kindergarten	36,000	35,094	36,000	180	180	In Compliance
Grade 1	50,400	44,137	50,530	180	180	In Compliance
Grade 2	50,400	44,137	50,530	180	180	In Compliance
Grade 3	50,400	44,137	50,530	180	180	In Compliance
Grade 4	54,000	52,875	54,004	180	180	In Compliance
Grade 5	54,000	52,875	54,004	180	180	In Compliance
Grade 6	54,000	52,875	54,004	180	180	In Compliance
Grade 7	54,000	58,163	58,164	180	180	In Compliance
Grade 8	54,000	58,163	58,164	180	180	In Compliance
Grade 9	64,800	60,549	64,808	180	180	In Compliance
Grade 10	64,800	60,549	64,808	180	180	In Compliance
Grade 11	64,800	60,549	64,808	180	180	In Compliance
Grade 12	64,800	60,549	64,808	180	180	In Compliance

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Kindergarten	36,000	N/A	36,000	180	N/A	In Compliance
Grade 1	50,400	N/A	50,600	180	N/A	In Compliance
Grade 2	50,400	N/A	50,600	180	N/A	In Compliance
Grade 3	50,400	N/A	50,600	180	N/A	

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U.S. Department of Education - Passed through California Department of Education (Continued)

84.048	Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	2149464	\$	487,776
84.060	Indian Education Grants to Local Educational Agencies	10011		110,472
84.063	Pell Grants	*		2,149,464

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<u>U.S. Department of Agriculture</u>			
10.555	National School Lunch Program	13396	\$ <u>14,739,825</u>
<u>U.S. Department of Defense</u>			
12.UKN	ROTC	*	<u>333,819</u>
<u>U.S. Department of Labor</u>			
17.726	Gang Prevention Youth Mentoring Program Grants	*	121,485
17.258	WIA / WtW Pre Vocational Training	*	526,155
17.259	A Title I Youth-Out-of-School Ind. Ser	*	<u>726,219</u>
	Total U.S. Department of Labor		<u>1,373,859</u>
	Total Federal Programs		<u>\$ 105,350,053</u>

* District is unable to provide PCA numbers.

See accompanying notes to
supplementary information.

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

See accompanying notes to
supplementary information.

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<u>General Fund</u>				
Revenues and other financing sources	\$ 362,831,282	\$ 400,029,552	\$ 412,596,585	\$ 418,708,834
Expenditures	338,085,057	397,165,849	410,550,526	416,172,865
Other uses and transfers out	<u>8,545,136</u>	<u>16,191,057</u>	<u> </u>	<u>1,700,000</u>
Total outgo	<u>346,630,193</u>	<u>413,356,906</u>	<u>410,550,526</u>	<u>417,872,865</u>
Change in fund balance	<u>\$ 16,201,089</u>	<u>\$ (13,327,354)</u>	<u>\$ 2,046,059</u>	<u>\$ 835,969</u>
Ending fund balance	<u>\$ 40,561,680</u>	<u>\$ 24,360,591</u>	<u>\$ 37,687,945</u>	<u>\$ 35,641,886</u>
Available reserves	<u>\$ 8,589,000</u>	<u>\$ 8,589,000</u>	<u>\$ 8,589,000</u>	<u>\$ 7,389,000</u>
Designated for economic uncertainties	<u>\$ 8,589,000</u>	<u>\$ 8,589,000</u>	<u>\$ 8,589,000</u>	

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Bowling Green Charter Elementary
California Montessori Project Capitol Campus
Capitol Heights Academy
George Washington Carver School of Arts and
Science (formerly America's Choice High School)
Language Academy of Sacramento
MET Sacramento Charter High School
New Technology High School
Sacramento Charter High School
Sol Aureus College Preparatory
St. HOPE Public School 7

Included as Charter School Fund
Separate Report
Separate Report

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See accompanying notes to
supplementary information.

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E - Schedule of Financial Trends and Analysis

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2009-2010 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

G - Schedule of First 5 Revenues and Expenses

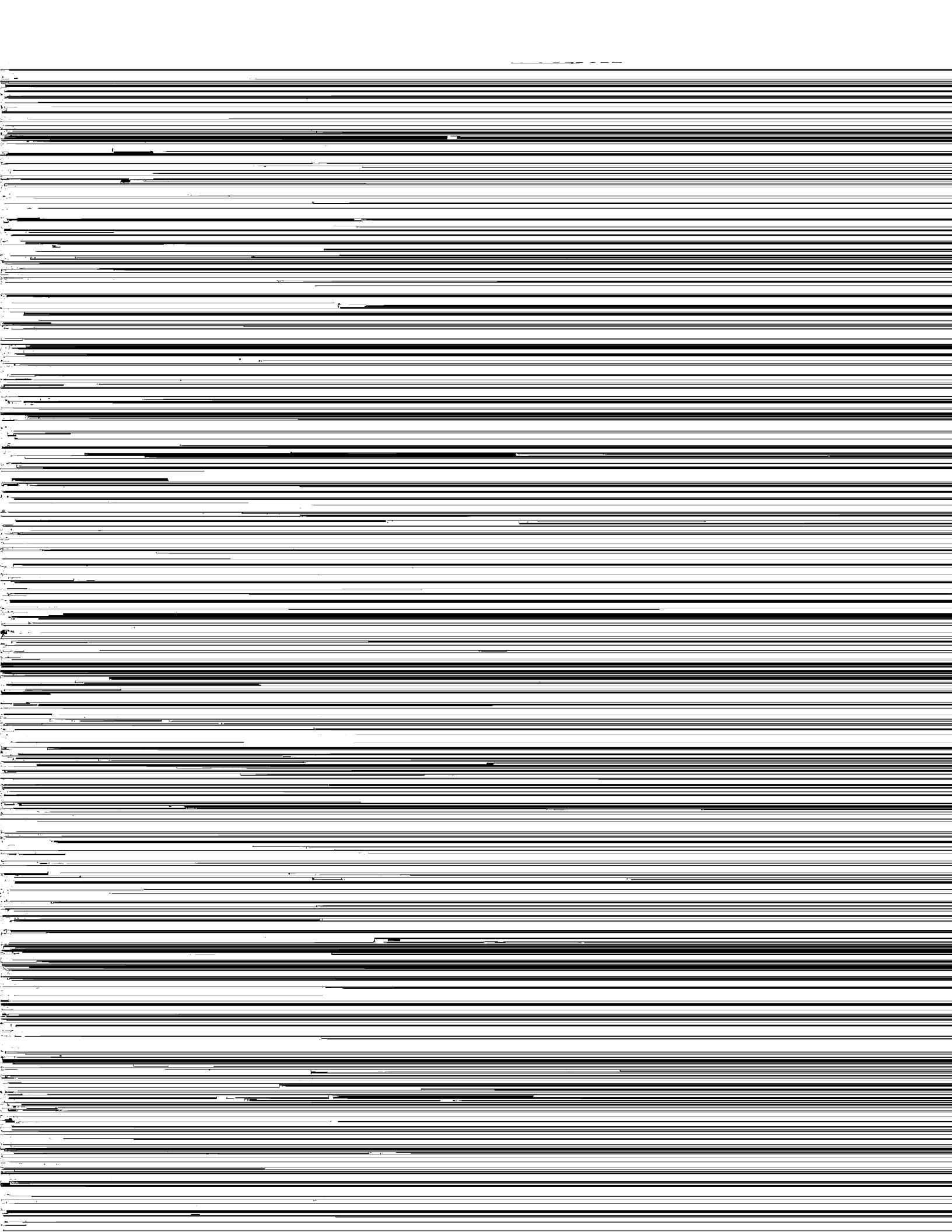
This schedule provides information about the First 5 Sacramento County Program.

H - Schedule of School Community Violence Prevention Program Revenues and Expenses

This schedule provides information about the School Community Violence Prevention Program.

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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, 2010, the District did not adopt this program.



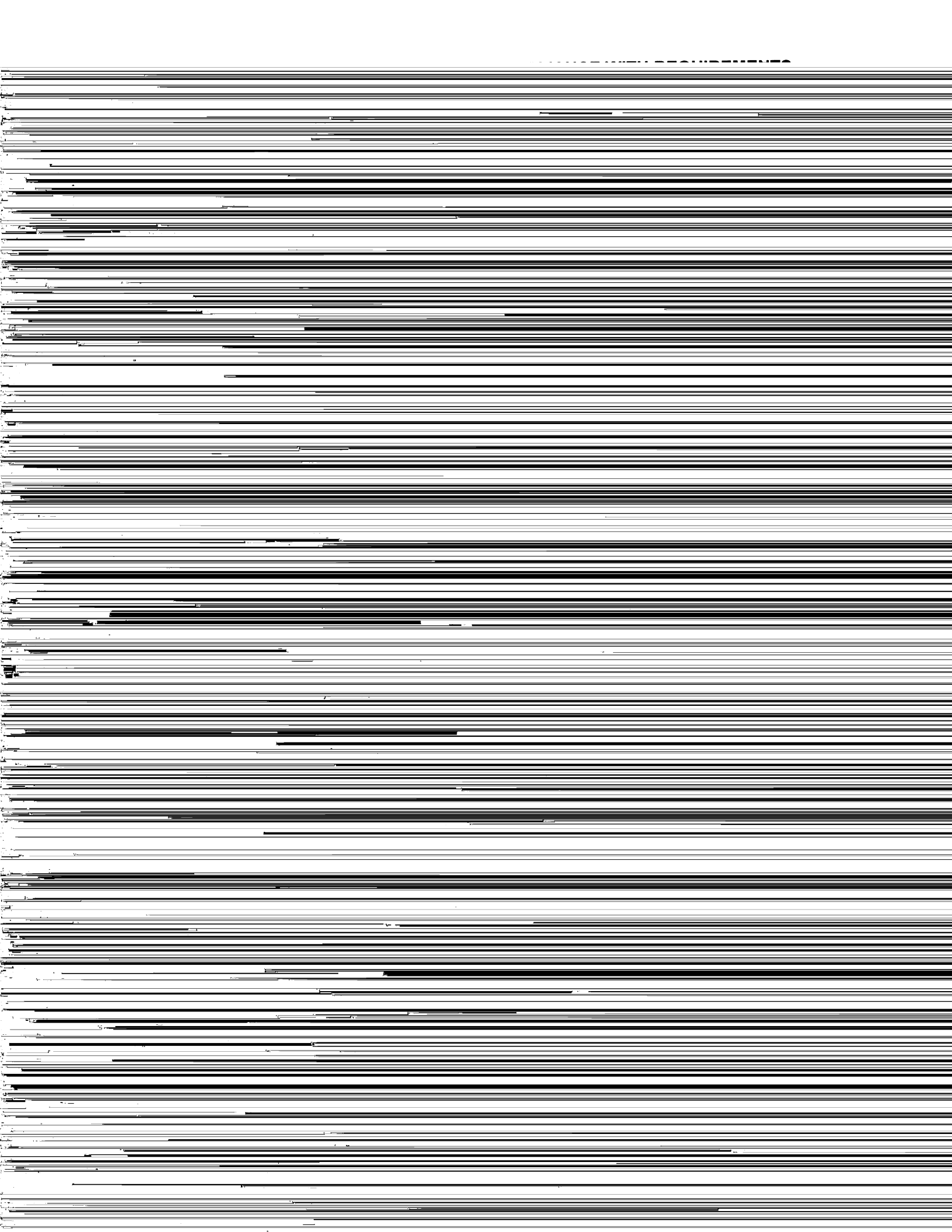
INDEPENDENT AUDITOR'S REPORT

GOVERNMENT CENTRAL AND REGULATIONS

INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE SCHOOL COMMUNITY VIOLENCE PREVENTION
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS

FINDINGS AND RECOMMENDATIONS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> X </u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	<u> X </u> None reported	
Noncompliance material to financial statements			

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

(Continued)

Year Ended June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROL - STUDENT BODY ACCOUNTS (30000)

Criteria

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

Condition

A.M. Winn Elementary School – Associated Student Body:

- Disbursement Requests are prepared and reviewed by separate individuals, however the preparer does not sign the request.

Hiram W. Johnson High School– Associated Student Body

- Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received.
- Profit and Loss Statements for the student store are not reviewed.

Bowling Green Elementary Charter School – Associated Student Body:

- There is no log maintained for sub-receipt books issued to the student clubs.
- When student clubs turn in funds to ASB Bookkeeper, receipts are not included that show the receipts issued for cash collections reconciling to total cash submitted.
- Disbursement Requests are prepared and reviewed by separate individuals; however, the preparer does not sign the request.

California Middle School - Associated Student Body:

- Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received.
- Monthly financial statements provided by the District are not being maintained, as such there is no evidence of review.
- No minutes were prepared for Student Council meetings to indicate approval and intent for student activities.

Will C. Wood Middle School - Associated Student Body:

- Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received.
- Monthly financial statements provided by the District are not being maintained, as such there is no evidence of review.
- Profit and Loss Statements for the student store are not reviewed.
- No minutes were prepared for Student Council meetings to indicate approval and intent for student activities.

CK McClatchy High School - Associated Student Body:

- Sub receipt books are not issued to individual clubs and therefore clubs are not issuing receipts for monetary funds received.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

1. INTERNAL CONTROL - STUDENT BODY ACCOUNTS (30000) (Continued)

Effect

ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been implemented and enforced.

Fiscal Impact

Not determinable.

Recommendation

A.M. Winn Elementary School – Associated Student Body:

- Disbursement Requisitions should be signed and dated by the preparer and the reviewer to demonstrate proper segregation of duties.

Hiram W. Johnson High School– Associated Student Body:

- Sub receipt books should be issued to the student clubs, and a record of these sub receipt books should be kept by ASB Bookkeeper. Deposits should be reconciled to these initial cash receipts.
- Profit and Loss Statements for the student store should be periodically prepared and reviewed.

Bowling Green Elementary Charter School – Associated Student Body:

- Sub receipt books should be issued to the student clubs, and a record of these sub receipt books should be kept by the ASB Bookkeeper. Deposits should be reconciled to these initial receipts.
- Receipts or tally sheets and schedules documenting the number of items sold and the price per unit should be used and given to the ASB Bookkeeper when funds are turned in.
- Disbursement Requests should be signed and dated by the preparer and the reviewer to demonstrate proper segregation of duties.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

1. INTERNAL CONTROL - STUDENT BODY ACCOUNTS (30000) (Continued)

Recommendation (Continued)

Will C. Wood Middle School - Associated Student Body:

- Sub receipt books should be issued to clubs collecting funds, and

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2010

SECTION III - FEDERAL AWA

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<p>2009-1</p> <p>The student body accounts at four of the six sites visited for testing had the following conditions:</p> <ul style="list-style-type: none"> • Sub-receipt books are not issued and used by student organizations. • Receipts are not issued upon receipt of cash by the ASB Advisor/Secretary. • Revenue-producing activities are not authorized through formal documented procedures. • Principal/ASB does not reconcile Monthly District financial reports to verify the accuracy of the District's accounting for the schools ASB account. <p>We recommend the District stress the importance of effective controls over student body accounts and that interim reviews are performed to ensure compliance with the requirements.</p>	<p>Partially implemented.</p>	<p>See current year finding #1.</p>
<p>2009-2</p> <p>Journal entry to record cafeteria daily sales was not posted in a timely manner.</p> <p>We recommend that all journal entries to record cash receipts are recorded in a timely manner.</p>	<p>Implemented.</p>	
<p>2009-3</p> <p>Students were improperly included in ADA for nine days.</p> <p>We recommend the District resubmit a revised Period Two Report of Attendance, removing the disallowed ADA.</p>	<p>Implemented.</p>	