NEW ISSUE – BOOK ENTRY ONLY

RATINGS:
S&P (BAM insured): "AA"
Moody's (underlying): "A3"
(See "RATINGS" herein.)

In the opinion of Dannis Woliver Kelley, Bond Counsel to the District, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California, and, assuming continuing compliance after the date of initial delivery of the Bonds with certain covenants contained in the Resolution authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds, and will not be included in computing the alternative minimum taxable income of the owners thereof; however, interest on the Bonds is taken into account in determining annual adjusted financial statement income for the purposes of computing alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein.

$9,020,000
Sacramento City Unified School District
(Sacramento County, California)
2024 General Obligation Refunding Bonds,
Series A

$66,805,000
Sacramento City Unified School District
(Sacramento County, California)
2024 General Obligation Refunding Bonds,
Series B

Dated: Date of Delivery **Due: August 1, as shown on inside cover pages.**

The Sacramento City Unified School District (Sacramento County, California) 2024 General Obligation Refunding Bonds, Series A (the "Series A Bonds") are being issued by the Sacramento Unified School District (the "District") to (i) refund all or a portion of the District's outstanding General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE – The Refunding."

The Sacramento City Unified School District (Sacramento County, California) 2024 General Obligation Refunding Bonds, Series B (the "Tender Refunding Bonds" and together with the Series A Bonds, the "Bonds") are being issued by the District to (i) purchase certain maturities of certain outstanding general obligation bonds of the District described herein (the "Target Bonds") pursuant to an invitation to the owners of such Target Bonds and (ii) pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE – The Tender Offer." The Bonds have a co-equal lien on the *ad valorem* property taxes levied to pay debt service thereon with each other and with all other outstanding general obligation bonds of the District.

The District, with the assistance of Loop Capital Markets LLC, as dealer manager (the "Dealer Manager"), released an "Invitation to Tender for Purchase made by Sacramento City Unified School District" dated January 19, 2024 (the "Tender Offer") inviting owners of the Target Bonds to tender such bonds for purchase by the District. The Tender Offer, unless extended or cancelled, is expected to expire on February 2, 2024 (the "Expiration Date"). The District will purchase all of the Target Bonds tendered for purchase and accepted by the District pursuant to the Notice of Acceptance of Tendered Bonds, to be dated February 8, 2024. Such tender is expected to close concurrently with the issuance of the Bonds, and the District's ability to fund the purchase of such Target Bonds is contingent on the issuance of the Tender Refunding Bonds. See "PLAN OF FINANCE – The Tender Offer."

The Bonds are general obligations of the District only and are not obligations of the County, the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for each fiscal year upon the taxable property within the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal of and interest on each Bond as the same becomes due and payable.

Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2024, as described herein. See ''THE BONDS – Payment of the Bonds'' herein.

The Bonds will be issued in book-entry form only, in denominations of $5,000 or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by the Sacramento County Director of Finance, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry Only System."

The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Redemption" herein.

The scheduled payment of principal of and interest on the Insured Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM" or the "Insurer"). See "BOND INSURANCE" herein.

MATURITY SCHEDULES
On Inside Cover Pages

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of legality by Dannis Woliver Kelley, Long Beach, California, Bond Counsel, and certain other conditions. Dannis Woliver Kelley, Long Beach, California, is acting as Disclosure Counsel for the issue. Certain matters will be passed upon for the Underwriter by its counsel, Nixon Peabody, LLP, San Francisco, California. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about February 22, 2024.

LOOP CAPITAL MARKETS

The Date of this Official Statement is: February 7, 2024.

MATURITY SCHEDULES

$9,020,000
Sacramento City Unified School District
(Sacramento County, California)
2024 General Obligation Refunding Bonds, Series A

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP (785870)[1]
2024	$510,000	5.000%	3.200%	G42
2025	540,000	5.000	3.010	G59
2026	570,000	5.000	2.800	G67
2027	595,000	5.000	2.670	G75
2028	625,000	5.000	2.600	G83
2029	655,000	5.000	2.580	G91
2030	690,000	5.000	2.590	H25
2031	725,000	5.000	2.610	H33
2032	760,000	5.000	2.620	H41
2033	795,000	5.000	2.630	H58
2034	840,000	5.000	2.650 [C]	H66
2035	880,000	5.000	2.770 [C]	H74
2036	835,000	5.000	2.830 [C]	H82

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C Yield to par call on August 1, 2033.

$66,805,000
Sacramento City Unified School District
(Sacramento County, California)
2024 General Obligation Refunding Bonds, Series B

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP (785870)[1]
2024	$245,000	5.000%	3.200%	H90
2025	210,000	5.000	3.010	J23
2026	220,000	5.000	2.800	J31
2027	835,000	5.000	2.670	J49
2028	2,405,000	5.000	2.600	J56
2029	6,285,000	5.000	2.580	J64
2030♦	2,755,000	5.000	2.590	J72
2030	2,460,000	5.000	2.590	J80
2031	3,060,000	5.000	2.610	J98
2032	425,000	5.000	2.620	K21
2033	4,230,000	5.000	2.630	K39
2034	1,575,000	5.000	2.650[C]	K47
2035	1,000,000	5.000	2.770[C]	K54
2036	2,585,000	5.000	2.830[C]	K62
2037	7,285,000	5.000	2.920[C]	K70
2038	5,960,000	5.000	3.070[C]	K88
2039	1,155,000	5.000	3.220[C]	K96
2042	360,000	5.250	3.420[C]	L38
2043	8,930,000	5.000	3.480[C]	L46
2044	3,115,000	5.000	3.550[C]	L53

$1,405,000 5.250% Term Bonds maturing August 1, 2041; Yield 3.340%[C]; CUSIP[1] 785870 L20

$10,305,000 4.000% Term Bonds maturing August 1, 2048; Yield 4.100%; CUSIP[1] 785870 L61

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[C] Yield to par call on August 1, 2033.

♦ Matures February 1 of the stated year.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento County, State of California

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Dannis Woliver Kelley
Long Beach, California

Municipal Advisor

Dale Scott & Co., Inc.
San Francisco, California

Paying Agent

Sacramento County Director of Finance
Sacramento, California

Escrow Agent

U.S. Bank Trust Company, National Association
San Francisco, California

Verification Agent

Causey, Demgen & Moore, P.C.
Denver, Colorado

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No dealer, broker, salesperson or other person has been authorized by the Sacramento City Unified School District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Sacramento, the County of Sacramento has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE SACRAMENTO COUNTY INVESTMENT POOL."

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Bonds offered hereby at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, institutional investors, banks or others at prices lower or higher than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX G – Specimen Municipal Bond Insurance Policy."

The District maintains a website and social media accounts. However, the information presented on such sites is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

$9,020,000	$66,805,000
Sacramento City Unified School District (Sacramento County, California) 2024 General Obligation Refunding Bonds, Series A	**Sacramento City Unified School District (Sacramento County, California) 2024 General Obligation Refunding Bonds, Series B**

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

General

The Sacramento City Unified School District (Sacramento County, California) (the "District") proposes to issue $9,020,000 aggregate principal amount of its 2024 General Obligation Refunding Bonds, Series A (the "Series A Bonds") in order to (i) refund its Outstanding General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series A (Tax-Exempt) (the "2013 Series A Bonds") and (ii) pay all legal, financial and contingent costs in connection with the issuance of the Series A Bonds. See "PLAN OF FINANCE – The Refunding" herein. The 2013 Series A Bonds were issued pursuant to authorizations for the issuance and sale of not to exceed (i) $346,000,000 of general obligation bonds approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on November 6, 2012 ("Measure Q") and (ii) $68,000,000 of general obligation bonds approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on November 6, 2012 ("Measure R").

Refunding bonds are not counted against Measure Q or Measure R, and, therefore, the District may issue the Series A Bonds, as well as additional refunding bonds in the future, to refund outstanding general obligation bonds issued pursuant to Measure Q and Measure R.

The District also proposes to issue $66,805,000 aggregate principal amount of its 2024 General Obligation Refunding Bonds, Series B (the "Tender Refunding Bonds" and, together with the Series A Bonds, the "Bonds") in order to (i) purchase certain maturities of certain outstanding bonds of the District described herein (the "Target Bonds") pursuant to an invitation to the owners of such Target Bonds and (ii) pay certain costs of issuance associated with the Tender Refunding Bonds, as more fully described herein below and under the caption "PLAN OF FINANCE – The Tender Offer."

The District, with the assistance of Loop Capital Markets LLC, as dealer manager (the "Dealer Manager"), released an "Invitation to Tender made by the Sacramento City Unified School District" dated January 19, 2024 (the "Tender Offer") inviting owners of the Target Bonds to tender such bonds for purchase by the District. The Tender Offer expired on February 2, 2024 (the "Expiration Date"). The District will purchase all of the Target Bonds tendered for purchase and accepted by the District pursuant to the Notice of Acceptance of Tendered Bonds, dated February 8, 2024. Such tender is expected to close concurrently with the issuance of the Bonds, and the District's ability to fund the tender of such purchased Targeted Bonds is contingent on the issuance of the Tender Refunding Bonds. See "PLAN OF FINANCE – Tender Offer."

The Bonds have a co-equal lien on the *ad valorem* property taxes levied to pay debt service thereon with each other and with all other outstanding general obligation bonds of the District.

Registration

The Sacramento County Director of Finance (the "Director of Finance") will act as the paying agent for the Bonds (the "Paying Agent"). As long as The Depository Trust Company, New York, New York ("DTC") is the registered owner of the Bonds and DTC's book entry-method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. See "THE BONDS – Description of the Bonds" herein.

The District

The District is located in Sacramento County, California (the "County") and spans 70 square miles. The District was established in 1854 and, as of fiscal year 2022-23, is the 12th largest school district in the State of California (the "State"), as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the capital of the State, the City of Sacramento (the "City"). The District operates forty-two elementary schools for grades K-6, seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five dependent charter schools) and forty-two children's centers/preschools. The average daily attendance ("ADA") for the District for fiscal year 2023-24 is budgeted to be approximately 36,026 students, and the District has a 2023-24 total assessed valuation of $48,455,611,678. The audited financial statements for the District for the fiscal year ended June 30, 2022 are attached hereto as APPENDIX B. For further information concerning the District, see "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT" herein.

The District is governed by a seven-member Board of Education (the "Board"), each member of which is elected by trustee areas to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent who is appointed by the Board and who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. See "SACRAMENTO CITY UNIFIED SCHOOL DISTRICT – Board of Education" and " – Key Personnel" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal and interest on the Bonds when due. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the District in connection with the Bonds. See "THE BONDS – Continuing Disclosure Agreement," "CONTINUING DISCLOSURE" herein and APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

Professionals Involved in the Offering

Dannis Woliver Kelley, Long Beach, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. U.S. Bank Trust Company, National Association, San Francisco, California, is acting as escrow agent for the 2013 Series A Bonds. Dale Scott & Company, San Francisco, California, is acting as Municipal Advisor to the District in connection with the issuance of the Bonds. Nixon Peabody LLP, San Francisco, California, is acting as counsel to the Underwriter with respect to the Bonds. The above professionals will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about February 22, 2024.

THE BONDS

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 5, Division 2, Part 1, Chapter 3, Articles 9 and 11 of the Government Code (commencing with Section 53550) and pursuant to a resolution of the Board adopted on November 2, 2023 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

Purpose of Issue

The net proceeds of the Series A Bonds will be applied to refund the Outstanding 2013 Series A Bonds. See "PLAN OF FINANCE – The Refunding" herein. The net proceeds of the Tender Refunding Bonds will be applied to purchase all of the Target Bonds tendered and accepted for purchase by the District. See "PLAN OF FINANCE – The Tender Offer" herein.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of $5,000 principal amount or integral multiples thereof.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by the Paying Agent, to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM" herein.

Payment of the Bonds

Interest on the Bonds is payable commencing August 1, 2024, and semiannually thereafter on February 1 and August 1 of each year (each, an "Interest Payment Date"). Principal of the Bonds is payable on August 1 of each year as shown on the inside front cover pages hereof until maturity or the earlier redemption thereof. The Bonds shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof.

Interest on each Bond shall accrue from its dated date at the interest rate applicable thereto as set forth on the inside cover page hereof. Interest shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date (the "Record Date"). Interest will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Record Date, in which event interest shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date in which event interest shall be payable from its Dated Date; provided, however, that if at the time of registration of any Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2033 are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2034 may be redeemed before maturity at the option of the District, in whole or in part, from any source of available funds, on any date on or after August 1, 2033 at a redemption price equal to the par amount of the Bonds of such series to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Redemption. The Tender Refunding Bonds maturing on August 1, 2041 are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2040, at a redemption price equal to the principal amount thereof as of the date set for such redemption, without premium. The principal amount to be so redeemed and the dates therefore and the final payment date is as indicated in the following table:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
2040	$895,000
2041*	510,000

* Maturity.

The Tender Refunding Bonds maturing on August 1, 2048 are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2045, at a redemption price equal to the principal amount thereof as of the date set for such redemption, without premium. The principal amount to be so redeemed and the dates therefore and the final payment date is as indicated in the following table:

Mandatory Sinking Fund Payment Date (August 1)	Principal Amount to be Redeemed
2045	$ 355,000
2046	370,000
2047	385,000
2048*	9,195,000

* Maturity.

In the event that a portion of the Tender Refunding Bonds maturing on August 1, 2041 or August 1, 2048 is optionally redeemed prior to maturity, the remaining respective mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 principal amount of such Tender Refunding Bonds optionally redeemed.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption

When redemption is authorized, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall give notice of the redemption of the Bonds at least 20 but not more than 60 days prior to the redemption date to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid. Such redemption notice shall specify, in accordance with the Resolution: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount, as appropriate, of such Bond to be redeemed, (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part and (h) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice. Such redemption notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Bonds, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Right to Rescind Notice of Redemption

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Debt Service Fund (defined herein) or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of and interest and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside for payment of the redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Defeasance

If any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest on all Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on their redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements of serving as Paying Agent pursuant to the Resolution, in trust, lawful money or non-callable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and described under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the District, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under the Resolution.

Book-Entry Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in denominations of $5,000 Principal Amount or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC. For further information regarding DTC and the book entry system, see APPENDIX F hereto.

Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), substantially in the form of APPENDIX D hereto, on or prior to the delivery of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. See "CONTINUING DISCLOSURE" herein and APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

	Series A Bonds	Tender Refunding Bonds	Total
Sources of Funds			
Principal Amount of Bonds	$9,020,000.00	$66,805,000.00	$75,825,000.00
Original Issue Premium	1,218,669.00	8,057,036.90	9,275,705.90
Total Sources	$10,238,669.00	$74,862,036.90	$85,100,705.90
Uses of Funds			
Deposit to Escrow Fund	$10,004,022.44	--	$10,004,022.44
Purchase of Target Bonds	--	$74,005,192.90	74,005,192.90
Costs of Issuance[(1)]	234,646.56	856,844.00	1,091,490.56
Total Uses	$10,238,669.00	$74,862,036.90	$85,100,705.90

(1) Includes Underwriter's discount, Bond and Disclosure Counsel fees, Dealer-Manager fees, bond insurance premium, municipal advisory fees, paying agent fees, rating agency fees, verification agent fees, and other costs of issuance.

District Investments

The Director of Finance manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the County by school and community college districts located in the County, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County Treasury. The County invests moneys of school and community colleges over which it has jurisdiction in its pooled investment fund (the "Investment Pool").

The composition and value of investments under management in the Investment Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the Investment Pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally. For a further discussion of the Investment Pool, see the caption "THE SACRAMENTO COUNTY INVESTMENT POOL" herein.

DEBT SERVICE SCHEDULE

The following table summarizes the annual principal and interest payments on the Bonds, assuming no optional redemption.

ANNUAL DEBT SERVICE ON THE BONDS

	Series A Bonds		**Tender Refunding Bonds**		
Bond Year Ending (August 1)[1]	Principal	Interest	Principal	Interest	Total Debt Service
2024	$ 510,000	$ 199,192	$ 245,000	$ 1,431,712	$ 2,385,904
2025	540,000	425,500	210,000	3,229,363	4,404,863
2026	570,000	398,500	220,000	3,218,863	4,407,363
2027	595,000	370,000	835,000	3,207,863	5,007,863
2028	625,000	340,250	2,405,000	3,166,113	6,536,363
2029	655,000	309,000	6,285,000	3,045,863	10,294,863
2030	690,000	276,250	5,215,000	2,662,738	8,843,988
2031	725,000	241,750	3,060,000	2,470,863	6,497,613
2032	760,000	205,500	425,000	2,317,863	3,708,363
2033	795,000	167,500	4,230,000	2,296,613	7,489,113
2034	840,000	127,750	1,575,000	2,085,113	4,627,863
2035	880,000	85,750	1,000,000	2,006,363	3,972,113
2036	835,000	41,750	2,585,000	1,956,363	5,418,113
2037	--	--	7,285,000	1,827,113	9,112,113
2038	--	--	5,960,000	1,462,863	7,422,863
2039	--	--	1,155,000	1,164,863	2,319,863
2040	--	--	895,000	1,107,113	2,002,113
2041	--	--	510,000	1,060,125	1,570,125
2042	--	--	360,000	1,033,350	1,393,350
2043	--	--	8,930,000	1,014,450	9,944,450
2044	--	--	3,115,000	567,950	3,682,950
2045	--	--	355,000	412,200	767,200
2046	--	--	370,000	398,000	768,000
2047	--	--	385,000	383,200	768,200
2048	--	--	9,195,000	367,800	9,562,800
Total	$9,020,000	$3,188,692	$66,805,000	$43,894,712	$122,908,404

The table on the following page shows the annual debt service payments on all of the District's outstanding general obligation bonds, comprising the General Obligation Bonds, Election of 2002, Series 2007 ("2002 Series 2007 Bonds"), the 2013 Series A Bonds, the General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series B (Qualified School Construction Bonds) (Taxable) ("2013 Series B Bonds"), the 2014 General Obligation Refunding Bonds ("2014 Refunding Bonds"), the 2015 General Obligation Refunding Bonds ("2015 Refunding Bonds"), the General Obligation Bonds (Measure Q) (Election of 2012), 2015 Series C-1 (Tax-Exempt) ("2015 Series C Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D ("2016 Series D Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E (2017 Series E Bonds"), the General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C ("2017 Series C Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2018 Series F ("2018 Series F Bonds"), the General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D ("2019 Series D Bonds"), the General Obligation Bonds, Election of 2012 (Measure Q), 2021 Series G ("2021 Series G Bonds") the 2021 General Obligation Refunding Bonds ("2021 Refunding Bonds"), the General Obligation Bonds, Election of 2020 (Measure H), 2022 Series A ("2022 Series A Bonds") and 2022 General Obligation Refunding Bonds ("2022 Refunding Bonds") and the Bonds.

All of the outstanding 2013 Series A Bonds are expected to be refunded by the Series A Bonds described herein. See "PLAN OF FINANCE – The Refunding." Certain maturities of the 2015 Refunding Bonds, 2015 Series C-1 Bonds, 2016 Series D Bonds, 2017 Series C Bonds, 2017 Series E Bonds, 2019 Series D Bonds and 2022 Series A Bonds are the Target Bonds being offered to be tendered for purchase pursuant to the Tender Offer and, if tendered and accepted by the District, may be refunded from proceeds of the Tender Refunding Bonds. See "PLAN OF FINANCE – The Tender Offer."

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Total Annual Debt Service
Outstanding General Obligation Bonds[1]

Period Ending[2]	2002 Series 2007 Bonds[3]	2013 Series B Bonds[4][5]	2014 Refunding Bonds[3]	2015 Refunding Bonds[3]	2015 Series C Bonds[4]	2016 Series D Bonds[4]	2017 Series E Bonds[4]	2017 Series C Bonds[4]	2018 Series F Bonds[4]	2019 Series D Bonds[4]	2021 Series G Bonds	2021 Refunding Bonds	2022 Series A Bonds	2022 Refunding Bonds	The Bonds	Total
2024	$5,225,000	$2,796,667	$4,999,300	$261,125	$3,173,125	$613,600	$3,601,275	$394,950	$657,995	$851,016	$1,478,100	$5,853,400	$18,543,550	$5,146,375	$2,385,904	$55,981,381
2025	5,510,000	3,926,667	5,698,100	522,250	4,199,000	788,400	5,123,550	568,900	--	1,181,231	2,894,800	6,316,200	8,284,600	6,250,750	4,404,863	55,669,311
2026	5,725,000	3,926,667	5,910,850	522,250	4,201,500	786,400	5,129,300	567,400	--	1,184,631	2,999,200	6,317,000	8,284,600	6,344,250	4,407,363	56,306,411
2027	6,280,000	3,926,667	6,125,600	522,250	3,598,250	788,000	5,124,300	570,400	--	1,182,031	3,104,000	1,983,800	8,284,600	9,923,500	5,007,863	56,421,261
2028	6,525,000	3,926,667	--	4,192,250	4,099,250	788,800	5,128,800	567,650	--	1,183,631	3,209,000	3,594,600	8,284,600	8,623,500	6,536,363	56,660,111
2029	6,765,000	3,926,667	--	3,958,750	2,530,500	778,800	3,312,050	569,400	--	1,184,231	3,324,000	1,253,200	8,284,600	11,163,750	10,294,863	57,345,811
2030	7,015,000	3,926,667	--	3,312,750	2,764,000	738,400	4,569,800	525,400	--	1,183,831	3,438,400	--	8,414,600	8,369,500	8,843,988	53,102,336
2031	9,525,000	3,926,667	--	--	3,173,250	778,800	4,164,000	570,400	--	545,831	3,557,000	--	8,803,100	8,510,250	6,497,613	50,051,911
2032	9,860,000	3,926,667	--	--	4,463,750	791,800	5,286,000	528,200	--	1,213,081	3,684,400	--	9,066,850	--	3,708,363	42,529,111
2033	--	3,926,667	--	--	1,725,250	568,400	5,235,200	572,200	--	1,166,831	3,815,000	--	8,626,100	--	7,489,113	33,124,761
2034	--	3,926,667	--	--	4,445,750	798,000	5,286,600	474,000	--	1,164,850	3,948,400	--	9,090,350	--	4,627,863	33,762,480
2035	--	3,926,667	--	--	4,373,750	662,800	5,071,000	544,200	--	1,191,600	4,084,200	--	10,460,350	--	3,972,113	34,286,680
2036	--	3,926,667	--	--	2,932,000	657,200	5,138,800	576,200	--	1,217,225	4,227,000	--	9,429,600	--	5,418,113	33,522,805
2037	--	3,926,667	--	--	4,685,400	811,300	1,628,800	191,400	--	1,216,725	4,376,200	--	8,624,600	--	9,112,113	34,573,205
2038	--	3,738,333	--	--	4,685,200	810,300	1,628,800	556,400	--	1,214,675	4,531,200	--	10,426,350	--	7,422,863	35,014,121
2039	--	--	--	--	4,688,600	808,700	4,223,800	591,800	--	1,217,100	4,686,400	--	12,576,350	--	2,319,863	31,112,613
2040	--	--	--	--	4,685,200	811,500	5,655,000	595,200	--	561,700	4,851,400	--	13,447,600	--	2,002,113	32,609,713
2041	--	--	--	--	--	808,550	5,659,800	592,800	--	1,238,750	5,020,400	--	13,833,350	--	1,570,125	28,723,775
2042	--	--	--	--	--	--	5,657,800	594,800	--	1,235,250	5,197,800	--	14,590,100	--	1,393,350	28,669,100
2043	--	--	--	--	--	--	5,654,000	596,000	--	1,236,000	5,377,800	--	6,634,100	--	9,944,450	29,442,350
2044	--	--	--	--	--	--	5,658,200	591,400	--	1,235,850	5,569,800	--	13,519,100	--	3,682,950	30,257,300
2045	--	--	--	--	--	--	5,654,800	596,200	--	1,234,800	5,762,800	--	17,080,425	--	767,200	31,096,225
2046	--	--	--	--	--	--	5,653,800	595,000	--	1,237,850	5,966,200	--	17,750,050	--	768,000	31,970,900
2047	--	--	--	--	--	--	5,659,850	592,250	--	1,234,850	6,174,000	--	18,445,100	--	768,200	32,874,250
2048	--	--	--	--	--	--	--	--	--	1,235,950	6,390,400	--	5,135,350	--	9,562,800	22,324,500
2049	--	--	--	--	--	--	--	--	--	1,236,000	6,614,400	--	20,681,950	--		28,532,350
2050	--	--	--	--	--	--	--	--	--	--	--	--	21,460,825	--		21,460,825
2051	--	--	--	--	--	--	--	--	--	--	--	--	22,262,025	--		22,262,025
2052	--	--	--	--	--	--	--	--	--	--	--	--	23,099,225	--	--	23,099,225
Total[6]	$62,430,000	$57,581,671	$22,733,850	$13,291,625	$64,423,775	$13,589,750	$114,905,325	$13,122,550	$657,995	$29,785,522	$114,282,300	$25,318,200	$363,424,000	$64,331,875	$122,908,404	$1,082,786,842

(1) Does not include debt service on the 2013 Series A Bonds or the Purchased Target Bonds (defined herein).
(2) July 1, except as otherwise noted.
(3) January 1 and July 1 payments.
(4) February 1 and August 1 payments.
(5) Debt service not net of Qualified School Construction Bonds (QSCB) subsidy payments.
Columns may not sum to totals due to rounding.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. See "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

The District is authorized to issue refunding bonds to refund its outstanding general obligation bonds (including general obligation refunding bonds) or to purchase its outstanding general obligation bonds to be refunded under the Government Code (commencing with section 53550 thereof).

Property Taxation System

Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the District. School districts receive property taxes for payment of voter-approved bonds as well as for general operating purposes.

Local property taxation is the responsibility of various county officers. School districts whose boundaries extend into more than one county are treated for property tax purposes as separate jurisdictions in each county in which they are located. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service, and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county treasurer and tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer and tax collector, as *ex officio* treasurer of each school district located in the county, holds school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on the bonds when due.

Restrictions on use of *Ad Valorem* Taxes and Statutory Lien on Debt Service

Under State law, school districts may levy *ad valorem* taxes (in addition to their share of the 1% county tax to pay operating expenses) only to pay principal of and interest on general obligation bonds that, like the Bonds, are approved at an election to finance specified projects or are bonds issued to refund such general obligation bonds. Moreover, State law provides that the *ad valorem* taxes may be levied to pay the principal of and interest on bonds and for no other purpose. Consequently, under State law, the District is not authorized to divert revenue from *ad valorem* taxes levied to pay the Bonds to a purpose other than payment of the Bonds.

Pursuant to Section 53515 of the State Government Code, effective for any bonds issued on or after January 1, 2016, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

Pledge of Tax Revenues

Under the Resolution, the District has pledged, as security for the Bonds and the interest thereon, the proceeds from the levy of the *ad valorem* property tax which the County levies and receives and all interest earnings thereon (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable.

The Bonds are the general obligations of the District, payable solely from Pledged Moneys and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledged Moneys, no funds or accounts of the District are pledged to payment of the Bonds.

PLAN OF FINANCE

The Refunding

The District intends to apply the net proceeds of the sale of the Series A Bonds to (i) refund the 2013 Series A Bonds maturing on August 1, 2024 through August 1, 2038, inclusive (the "Refunded Bonds"), and (ii) pay the costs of issuance of the Series A Bonds.

Upon the issuance of the Series A Bonds, the District will deposit the net proceeds of the Series A Bonds into an Escrow Fund (the "Escrow Fund") established pursuant to the Escrow and Deposit Agreement, by and between the District and U.S. Bank Trust Company, National Association, as escrow agent (the "Escrow Agent") thereunder, in order to redeem the Refunded Bonds on or about May 22, 2024 (the "Redemption Date"), at a redemption price equal to the par amount of the Refunded Bonds, plus accrued interest to the Redemption Date.

The sufficiency of amounts deposited into the Escrow Fund, together with investment earnings thereon, to effect the redemption of the Refunded Bonds will be verified by Causey, Demgen & Moore, certified public accountants (the "Verification Agent"). See the caption "ESCROW VERIFICATION" herein.

As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the Underwriter's and the Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* taxes for payment of the Refunded Bonds will be discharged. Amounts deposited into the Escrow Fund are not available to pay debt service on the Bonds.

The Tender Offer

Concurrently with the issuance and sale of the Series A Bonds, the District, with the assistance of the Dealer Manager, released the Tender Offer inviting owners of the Target Bonds listed in the Tender Offer and described in the tables below to tender such bonds for purchase by the District. Such purchase of tendered Target Bonds accepted for purchase pursuant to the Tender Offer (the "Purchased Target Bonds") is intended to be financed with the net proceeds of the Tender Refunding Bonds. The purpose of the Tender Offer is to refund the Purchased Target Bonds on the date of issuance of the Tender Refunding Bonds (the "Settlement Date") in order to produce present value debt service savings.

As set forth in the Tender Offer, the owners of the Target Bonds may tender such Target Bonds for cash and, subject to the conditions set forth therein, the District intends to purchase the Target Bonds that are accepted for purchase pursuant to the terms and at the purchase prices set forth in the Tender

Offer, as confirmed in a related Pricing Notice and a related Notice of Acceptance of Tendered Bonds, each as available on EMMA. The Purchased Target Bonds are expected to be refunded and cancelled on the Settlement Date and shall no longer be deemed outstanding under their authorizing resolutions. Funds to pay the purchase price of the Purchased Target Bonds, and to pay the costs of the Tender Offer, are expected to be provided from the proceeds of the Tender Refunding Bonds.

This section is not intended to summarize all of the terms of the Tender Offer and reference is made to the Tender Offer for a discussion of the terms of the Tender Offer and the conditions for settlement of the Target Bonds validly tendered and accepted for purchase.

Based on the results of the Tender Offer, the Target Bonds listed in the Tender Offer may be (i) purchased pursuant to the Tender Offer, or (ii) remain outstanding.

The Purchased Target Bonds are described in the tables below. Subject to satisfaction of all conditions to the District's obligation to purchase the Purchased Target Bonds pursuant to the Tender Offer, payment by the District will be made through DTC on the Settlement Date. The District expects that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Prices (as described in the Tender Offer) to be paid for the Purchased Target Bonds (plus accrued interest) to DTC participants holding the Target Bonds accepted for purchase on behalf of bondowners for subsequent disbursement to the bondowners. The District, the Dealer Manager, and Globic Advisors (the "Information Agent and Tender Agent") have no responsibility or liability for the distribution of the Purchase Prices paid and accrued interest by DTC to DTC participants or by DTC participants to bondowners.

The District will purchase the Purchased Target Bonds at their respective Purchase Prices in amounts expected to achieve the District's financing goals. The District's ability to fund the tender of such Purchased Target Bonds is based on the issuance of the Tender Refunding Bonds. **The issuance of the Tender Refunding Bonds is dependent on the results of the Tender Offer as described in this Official Statement.** The final decision to purchase any Target Bonds will be based upon market conditions associated with the sale of the Tender Refunding Bonds and other factors outside of the control of the District.

The Purchased Target Bonds

The following tables show information with respect to the specific maturities of the Target Bonds which may be purchased with a portion of the net proceeds of the Tender Refunding Bonds. Only the maturities of Target Bonds that are tendered and accepted for purchase by the District are considered Purchased Target Bonds. Following the Settlement Date, Purchased Target Bonds shall be cancelled and shall no longer be outstanding.

The proceeds of the Tender Refunding Bonds are intended to be applied to purchase the following Target Bonds:

Sacramento City Unified School District
(County of Sacramento, California)
2015 General Obligation Refunding Bonds

CUSIP[1] (785870)	Maturity (July 1)	Principal Amount Outstanding
VB9	2028	$5,700,000
VC7	2029	6,185,000
VD5	2030	6,695,000

Sacramento City Unified School District
(County of Sacramento, California)
General Obligation Bonds (Measure Q)
Election of 2012, 2015 Series C-1

CUSIP[1] (785870)	Maturity (August 1)	Principal Amount Outstanding
VP8	2027	$ 2,485,000
VQ6	2028	2,605,000
VR4	2029	2,735,000
VS2	2030	2,875,000
VT0	2031	3,020,000
VV5	2033	3,325,000
VW3	2034	3,495,000
VX1	2035	3,670,000
VY9	2040	20,860,000

Sacramento City Unified School District
(County of Sacramento, California)
General Obligation Bonds,
Election of 2012 (Measure Q), 2016 Series D

CUSIP[1] (785870)	Maturity (August 1)	Principal Amount Outstanding
WP7	2029	$ 520,000
WQ5	2030	540,000
WR3	2031	560,000
WT9	2033	610,000
WV4	2035	660,000
WX0	2041	4,390,000

[1] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP number.

Sacramento City Unified School District
(County of Sacramento, California)
General Obligation Bonds,
Election of 2012 (Measure R), 2017 Series C

CUSIP[1] (785870)	Maturity (August 1)	Principal Amount Outstanding
YK6	2030	$ 295,000
YM2	2032	315,000
YP5	2034	345,000
YQ3	2035	355,000
YS9	2042	2,555,000

Sacramento City Unified School District
(County of Sacramento, California)
General Obligation Bonds,
Election of 2012 (Measure Q), 2017 Series E

CUSIP[1] (785870)	Maturity (August 1)	Principal Amount Outstanding
XM3	2029	$ 2,655,000
XN1	2030	2,790,000
XP6	2031	2,905,000
XR2	2033	3,140,000
XT8	2035	3,400,000
XU5	2036	3,535,000
XV3	2042	24,370,000

Sacramento City Unified School District
(County of Sacramento, California)
General Obligation Bonds,
Election of 2012 (Measure R), 2019 Series D

CUSIP[1] (785870)	Maturity (August 1)	Principal Amount Outstanding
ZH2	2031	$ 690,000
ZK5	2033	760,000
ZL3	2034	780,000
ZM1	2035	800,000
ZS8	2049	10,545,000

[1] Copyright, American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such CUSIP number.

Sacramento City Unified School District
(Sacramento County, California)
General Obligation Bonds,
Election of 2020 (Measure H), 2022 Series A

CUSIP[1] (785870)	Maturity (August 1)	Principal Amount Outstanding
D52	2032	$ 950,000
D60	2033	1,415,000
D78	2034	1,915,000
D86	2035	2,455,000
D94	2036	3,040,000
E28	2037	3,675,000
E36	2038	4,355,000
E44	2039	5,090,000
E69	2041	6,735,000
E85	2047	54,565,000
E93	2052	91,400,000

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Insured Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Insured Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $502.8 million, $217.0 million and $285.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Insured Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "**BOND INSURANCE**."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Insured Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise.

TAX BASE FOR REPAYMENT OF THE BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the County on taxable property in the District. The District's General Fund is not a source for the repayment of the Bonds.

Ad Valorem **Property Taxation**

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent, if unpaid, on August 31 and are subject to a 10% delinquency penalty. Unsecured property taxes remaining unpaid on October 31 are also subject to an additional penalty of one and one half percent per month on the first day of each month thereafter. The additional penalties shall continue to attach until the time of payment or until the time a court judgment is entered for the amount of unpaid taxes and penalties, whichever occurs first.

The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the respective County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIIIA of the California Constitution. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES" herein.

The State Constitution currently requires a credit of $7,000 of the taxable value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies. Current law also provides, upon application, a basis exemption of $100,000 increased by inflation for veterans with specified disabilities or for unmarried spouses of deceased veterans. The exemption may be raised to $150,000 if the applicant meets the income limit of $40,000.

In addition, certain classes of property such as cemeteries, free public libraries and museums, public schools, churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

The following tables presents the historical assessed valuation in the District since fiscal year 2012-13. The District's total assessed valuation is $48,455,611,678 for fiscal year 2023-24.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuations
Fiscal Years 2012-13 through 2023-24

Fiscal Year	Local Secured[1]	Utility	Unsecured	Total	Annual % Change
2012-13	$24,088,535,893	$7,130,520	$1,312,707,722	$25,401,243,615	(1.35)%
2013-14	25,070,853,698	6,354,537	1,240,891,839	26,311,745,537	3.58
2014-15	26,203,736,543	12,146,083	1,279,564,924	27,483,301,467	4.45
2015-16	27,627,053,568	5,824,663	1,188,321,120	28,815,374,688	4.85
2016-17	29,448,310,116	5,751,502	1,271,280,326	30,719,590,442	6.61
2017-18	31,630,780,391	5,693,751	1,332,650,184	32,963,430,575	7.30
2018-19	33,920,993,517	5,636,032	1,444,875,017	35,365,868,534	7.29
2019-20	36,764,643,370	5,334,879	1,403,666,196	38,168,309,566	7.92
2020-21	38,932,165,119	5,265,184	1,497,094,117	40,429,259,236	5.92
2021-22	40,932,044,833	5,265,184	1,452,631,056	42,389,941,073	4.85
2022-23	43,729,164,723	5,146,184	1,574,518,646	45,303,683,369	6.87
2023-24	46,705,049,511	6,077,999	1,744,484,168	48,455,611,678	6.98

(1) Includes the secured assessed valuation of utility property and excludes the unitary assessed valuation of utility property, both as determined by the State Board of Equalization.
Source: *California Municipal Statistics, Inc.*

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, fire, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "SECURITY FOR THE BONDS."

Natural Disasters Impacting Assessed Valuations

Drought Conditions. Water shortfalls resulting from the driest conditions in recorded State history caused a State-wide drought State of Emergency for California in 2014 and the imposition by State regulators of reductions in water usage through 2017 when the State-wide drought ended in almost all California counties.

During fiscal years 2020-21, 2021-22, and 2022-23, much of the State experienced Severe or Extreme Drought, pursuant to the U.S. Drought Monitor Classification Scheme. Beginning in April, 2021, Governor Newsom signed several executive orders relating to the drought, including declaring states of emergency due to drought in the State. On January 4, 2022, State Water Board adopted emergency use regulations prohibiting certain wasteful water practices such as watering ornamental landscapes during rain and using potable water to clean hard surfaces and driveways. In June, 2022, additional emergency water conservation regulations took effect limiting watering of ornamental grasses in certain locations followed by additional water use regulations in December 2022, prohibiting wasteful water use practices.

On March 24, 2023, as a result of rain and snowfall in the State, Governor Newsom rolled back many of the water use restrictions in his previous drought-related executive orders but left in place certain measures aimed at wasteful water uses as well as preserving ground water supplies.

Currently, according to the U.S. Drought Monitor, approximately 93% of the State is experiencing no drought, approximately 6% of the State is experiencing Abnormally Dry conditions, and approximately 1% of the State is experiencing Moderate Drought. The District cannot predict if or when water usage restrictions might be imposed again or what impact such restrictions, if imposed, might have on the assessed valuation of the District and the local economy.

Wildfires. In recent years, certain portions of the State were affected by large wildfires which destroyed both natural lands and residential and commercial properties and resulted in large-scale property value reductions in the impacted areas. During the summer of 2020, California experienced large-scale wildfires in several portions of the State. The District was not materially impacted by recent wildfires.

Earthquakes. All jurisdictions in California are subject to the effects of damaging earthquakes. Earthquakes are considered a threat to the District due to the highly active seismic region and the proximity of fault zones, which could influence the entire southern coastal portion of the State. An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake can easily exceed the resources of the District and other local public entities and would require a high level of self-help, coordination and cooperation.

Floods. The Federal Emergency Management Agency produces Flood Insurance Rate Maps that show that portions of the District are in a 100-year floodplain. A 100-year floodplain is an area expected to be inundated during a flood event of the magnitude for which there is a 1-in-100 probability of occurrence in any year.

Climate Change. Climate change caused by human activities may have adverse effects on the property within the boundaries of the District. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts and wildfires as well as increased risk of flooding and a rise in sea levels. Projections of the impacts of global climate change are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The occurrence of natural disasters within the boundaries of the District could result in substantial damage to property within the District (including District properties) and, in turn, could substantially reduce assessed valuations of such property.

Change in Economic Conditions. The outbreak of COVID-19 and the corresponding measures to prevent its spread caused widespread unemployment and economic slowdown in the United States, the State and the County. Such economic slowdown created risk for economic recession or depression or a general market decline in real estate values which in turn could have led to a reduction of assessed values in the District.

The District cannot make any representation regarding the effects that COVID-19, drought, flooding, change in economic conditions, caused by pandemic or otherwise, fire conditions, earthquakes, or other natural disasters has had, or may have on the value of taxable property within the District, or to what extent such conditions could cause disruptions to economic activity, destroy property, reduce land values and adversely impact other economic activity within the boundaries of the District.

Re-assessments and Appeals of Assessed Valuations

Pursuant to California Proposition 8 of November 1978 ("Proposition 8"), property owners may apply for a reduction of their property tax assessment by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, an appeal is filed because the applicant believes that present market conditions (such as lower residential home sale prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution."

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

County assessors, at their discretion, may also, from time to time, review certain property types purchased between specific time periods (e.g., all single family homes and condominiums purchased shortly prior to widespread declines in the fair market value of residential real estate within the county, as occurred between 2009 and 2011) and may proactively, temporarily reduce the assessed value of qualifying properties to Proposition 8 assessed values without owner appeal therefor.

A property that has been reassessed under Proposition 8, whether pursuant to owner appeal or due to county assessor review, is subsequently reviewed annually to determine its lien date value. Assuming no change in ownership or new construction, and if and as market conditions improve, the assessed value of a property with a Proposition 8 assessed value in place may increase as of each property tax lien date by more than the standard annual inflationary factor growth rate allowed under Article XIIIA (currently, a 2% annual maximum) until such assessed value again equals the Article XIIIA base year value for such property as adjusted for inflation and years of ownership, at which point such property is again taxed pursuant to Article XIIIA and base year values may not be increased by more than the standard Article XIIIA annual inflationary factor growth rate. A change in ownership while a property is subject to a Proposition 8 reassessment assessed valuation will cause such assessed valuation to become fixed as a new Article XIIIA base year value for such property. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIIIA of the California Constitution" herein.

No assurance can be given that property tax appeals and reassessments in the future will not significantly reduce the assessed valuation of property within the District. However, any reduction in assessed value within the District would simply increase the tax rate necessary to pay the Bonds and any outstanding general obligations bonds of the District. The Board of Supervisors of the County is obligated to levy and collect *ad valorem* taxes, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on outstanding general obligation bonds of the District.

Assessed Valuation by Jurisdiction

The table below sets forth the assessed valuation within the District by political jurisdiction.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2023-24

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Elk Grove	$ 86,619,945	0.18%	$27,216,448,362	0.32%
City of Rancho Cordova	1,137,485,700	2.35	12,583,331,638	9.04
City of Sacramento	41,282,257,356	85.20	71,815,018,572	57.48
Unincorporated Sacramento County	5,949,248,677	12.28	78,002,988,621	7.63
Total District	$48,455,611,678	100.00%		
Sacramento County	$48,455,611,678	100.00%	$221,572,703,513	21.87%

Source: *California Municipal Statistics, Inc.*

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Assessed Valuation by Land Use

The table below sets forth the assessed valuation of the taxable property within the District by land use.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2023-24

Non-Residential:	2023-24 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural	$ 12,134,348	0.03%	36	0.03%
Commercial/Office	8,154,007,946	17.46	3,177	3.00
Vacant Commercial	253,487,001	0.54	532	0.50
Industrial	2,430,733,886	5.20	1,414	1.33
Vacant Industrial	68,344,314	0.15	391	0.37
Recreational	433,527,236	0.93	155	0.15
Government/Social/Institutional	299,287,162	0.64	972	0.92
Miscellaneous	2,111,596	0.00	255	0.24
Subtotal Non-Residential	$11,653,633,489	24.95%	6,932	6.54%
Residential:				
Single Family Residence	$25,704,960,021	55.04%	84,381	79.62%
Condominium/Townhouse	724,059,204	1.55	2,394	2.26
Mobile Home	46,522,667	0.10	1,510	1.42
Mobile Home Park	57,265,798	0.12	33	0.03
2-4 Residential Units	2,508,332,457	5.37	6,833	6.45
5+ Residential Units/Apartments	4,873,609,595	10.43	1,639	1.55
Hotel/Motel	780,782,494	1.67	74	0.07
Miscellaneous Residential	53,698,321	0.11	144	0.14
Vacant Residential	302,185,465	0.65	2,041	1.93
Subtotal Residential	$35,051,416,022	75.05%	99,049	93.46%
Total	$46,705,049,511	100.00%	105,981	100.00

(1) Local secured assessed valuation, excluding tax-exempt property.
Source: *California Municipal Statistics, Inc.*

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Assessed Valuation of Single Family Homes

The following table sets forth ranges of assessed valuations of single family homes in the District for fiscal year 2023-24, including the median and average assessed value per single family parcel. According to California Municipal Statistics, Inc., the median assessed valuation of a single family home as of June 30, 2023 was $256,375.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2023-24

	No. of Parcels	2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	84,381	$25,704,960,021	$304,630	$256,375

2023-24 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	318	0.377%	0.377%	$ 5,459,092	0.021%	0.021%
$25,000 -$49,999	2,456	2.911	3.287	100,932,878	0.393	0.414
$50,000 - $74,999	4,276	5.067	8.355	268,917,414	1.046	1.460
$75,000 - $99,999	5,377	6.372	14.727	472,811,192	1.839	3.299
$100,000 - $124,999	5,224	6.191	20.918	587,237,861	2.285	5.584
$125,000 - $149,999	5,053	5.988	26.907	694,864,899	2.703	8.287
$150,000 - $174,999	5,012	5.940	32.846	814,478,710	3.169	11.456
$175,000 - $199,999	4,680	5.546	38.393	876,436,416	3.410	14.865
$200,000 - $224,999	4,428	5.248	43.640	941,197,713	3.662	18.527
$225,000 - $249,999	4,294	5.089	48.729	1,019,747,709	3.967	22.494
$250,000 - $274,999	4,381	5.192	53.921	1,150,445,366	4.476	26.970
$275,000 - $299,999	3,914	4.638	58.559	1,124,188,926	4.373	31.343
$300,000 - $324,999	3,676	4.356	62.916	1,147,997,414	4.466	35.809
$325,000 - $349,999	3,539	4.194	67.110	1,193,145,050	4.642	40.451
$350,000 - $374,999	3,125	3.703	70.813	1,131,999,077	4.404	44.855
$375,000 - $399,999	2,907	3.445	74.258	1,124,270,138	4.374	49.228
$400,000 - $424,999	2,632	3.119	77.378	1,085,119,974	4.221	53.450
$425,000 - $449,999	2,427	2.876	80.254	1,061,131,616	4.128	57.578
$450,000 - $474,999	2,123	2.516	82.770	981,006,205	3.816	61.394
$475,000 - $499,999	1,777	2.106	84.876	866,178,916	3.370	64.764
$500,000 and greater	12,762	15.124	100.000	9,057,393,455	35.236	100.000
	84,381	100.000%		$25,704,960,021	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: *California Municipal Statistics, Inc.*

According to Redfin, the median sales price of a single family home in the City of Sacramento for the month of November 2023 was $490,000.

Largest Taxpayers

The table below sets forth the largest local secured taxpayers within the District in fiscal year 2023-24.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Largest Total Secured Taxpayers
Fiscal Year 2023-24

	Property Owner	2023-24 Primary Land Use	Assessed Valuation	% of Total[1]
1.	City of Sacramento & The Sacramento Kings	Sports Arena	$ 352,616,833	0.75%
2.	CA Sacramento Commons LLC	Apartments	221,577,456	0.47
3.	Hancock SREIT Sacramento LLC	Office Building	208,921,734	0.45
4.	HP Hood LLC	Industrial	195,124,902	0.42
5.	SRI Eleven 621 Capitol Mall LLC	Office Building	176,077,028	0.38
6.	Prime US-Park Tower LLC	Office Building	174,018,966	0.37
7.	500 Capitol Mall LLC	Office Building	154,992,504	0.33
8.	300 Capital Associates NF LP	Office Building	136,169,666	0.29
9.	BRE Depot PK LLC	Industrial	132,008,859	0.28
10.	Kaiser Foundation Health Plan Inc.	Office Building	130,815,339	0.28
11.	Oakmont Properties The Press LLC	Apartments	123,365,562	0.26
12.	DS Shopping Center LLC	Commercial	123,075,202	0.26
13.	555 CAP Partners LP	Office Building	122,609,712	0.26
14.	GSA Sacramento Newco LLC	Office Building	118,293,480	0.25
15.	Sacramento CA I FGF LLC	Office Building	111,030,102	0.24
16.	GPT Properties Trust	Office Building	107,445,397	0.23
17.	ACEF-Martin Folsom LLC	Apartments	106,883,839	0.23
18.	Greenery Apartments LP & DLC Sac LLC	Apartments	102,506,669	0.22
19.	Gem Crossings LLC	Apartments	97,755,594	0.21
20.	California Almond Growers Exchange	Industrial	93,926,024	0.20
			$2,989,214,868	6.40%

[1] 2023-24 local secured assessed valuation: $46,705,049,511.
Source: *California Municipal Statistics, Inc.*

The top 20 taxpayers on the secured roll for 2023-24 account for 6.40% of the local secured assessed value in the District which is $46,705,049,511. According to California Municipal Statistics, Inc., the largest secured taxpayer in the District for 2023-24 was the City of Sacramento & The Sacramento Kings accounting for 0.75% of the total secured assessed value in the District. No other secured taxpayer accounted for more than 0.47% of the total secured assessed value in the District. The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner.

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Tax Rates

The following table sets forth tax rates levied in Tax Rate Area 3-005 within the District for fiscal years 2019-20 through 2023-24:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Typical Tax Rate per $100 Assessed Valuation (TRA 3-005)[(1)]
Fiscal Years 2019-20 through 2023-24

Jurisdiction	2019-20	2020-21	2021-22	2022-23	2023-24
General	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	0.0232	0.0223	0.0249	0.0226	0.0192
Sacramento City USD	0.1139	0.1171	0.0918	0.1280	0.1278
Total	1.1371	1.1394	1.1167	1.1506	1.1470

[(1)] 2023-24 assessed valuation of TRA 3-005 is $13,359,009,394 which is 27.57% of the District's total assessed valuation.
Source: *California Municipal Statistics, Inc.*

The Teeter Plan

The Board of Supervisors of the County in 1993 approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan for the County, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied with respect to the Bonds irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The District is not aware of any petitions for the discontinuance of the Teeter Plan now pending in the County.

Tax Levies and Delinquencies

The table below summarizes the annual secured tax levy and delinquencies within the District as of June 30 for fiscal years 2017-18 through 2022-23. The County has adopted the Teeter Plan. As a result, the District's receipt of property taxes is not subject to delinquencies so long as the Teeter Plan remains in effect.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Secured Tax Charges
Fiscal Years 2017-18 through 2022-23

Fiscal Year	Secured Tax Charge[1]	Amt. Del. June 30[2]	% Del. June 30[2]
2017-18	$38,637,596	$388,774	1.01%
2018-19	39,103,684	328,227	0.84
2019-20	41,260,741	496,589	1.20
2020-21	45,154,083	407,237	0.90
2021-22	37,251,231	283,368	0.76
2022-23	55,512,728	540,933	0.97

(1) Represents 1% General Fund apportionment. Excludes secured supplemental property.
(2) Sacramento County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the County retaining all penalties and interest.
Source: *California Municipal Statistics, Inc.*

Direct and Overlapping Debt

Numerous local agencies that provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District has not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

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The following table is a statement of the District's direct and estimated overlapping bonded debt as of September 1, 2023:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Indebtedness

2022-23 Assessed Valuation: $45,303,683,369

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/23
Los Rios Community College District	18.228%	$72,894,683
Sacramento City Unified School District	**100.000**	**641,165,892**(1)
City of Sacramento Community Facilities Districts	95.967-100.	62,710,100
City and Special District 1915 Act Bonds (Estimate)	Various	162,203,737
Southgate Recreation and Park Benefit Assessment District	16.303	1,257,720
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$940,232,132
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	21.913%	$ 25,591,233
Sacramento County Pension Obligation Bonds	21.913	94,724,421
Sacramento County Board of Education Certificates of Participation	21.913	471,130
Sacramento City Unified School District Lease Revenue Bonds	**100.000**	**52,060,000**
City of Elk Grove General Fund Obligations	0.308	117,126
City of Rancho Cordova Certificates of Participation	9.490	1,149,714
City of Sacramento General Fund Obligations	57.692	308,040,665
Cordova Recreation and Park District General Fund Obligations	25.293	1,523,648
Cosumnes Community Services District Certificates of Participation	0.268	160,457
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	5.628	1,852,456
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$485,690,850
Less: Sacramento County supported obligations		2,728,305
City of Sacramento supported obligations		215,268,668
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$267,693,877
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$111,365,006
GROSS COMBINED TOTAL DEBT		$1,537,287,988(2)
NET COMBINED TOTAL DEBT		$1,319,291,015

Ratios to 2022-23 Assessed Valuation:

Direct Debt ($641,165,892)..1.42%
Total Direct and Overlapping Tax and Assessment Debt............2.08%
Combined Direct Debt ($693,225,892)....................................1.53%
Gross Combined Total Debt..3.39%
Net Combined Total Debt 2.91%

Ratios to Redevelopment Incremental Valuation ($8,931,390,479):
Total Overlapping Tax Increment Debt.......................................1.25%

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(1) Excludes the Bonds to be sold, but includes the Refunded Bonds and the Target Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: *California Municipal Statistics Inc.*

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal and interest on the Bonds is payable from the General Fund of the District. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters pursuant to all applicable laws and State Constitutional requirements, and required to be levied by the County on all taxable property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF THE BONDS" herein.

State Funding of Education

On June 27, 2013, the State adopted a new method for funding school districts commonly known as the "Local Control Funding Formula." The Local Control Funding Formula ("LCFF") was implemented in stages, beginning in fiscal year 2013-14 and was fully implemented in fiscal year 2018-19. Prior to adoption of the LCFF, the State used a revenue limit system described below.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as a part of the 2013-14 State budget enacted the LCFF beginning in fiscal year 2013-14, which replaced the revenue limit funding system and many categorical programs. See "-- Revenue Limit Funding System" below. The LCFF distributes resources to school districts through a guaranteed base funding grant (the "Base Grant") per unit of ADA. The average Base Grant is $7,643 per unit of ADA, which is $2,375 more than the average revenue limit. A Base Grant is assigned to each of four grade spans. Additional supplemental funding is made available based on the proportion of English language learners, low-income students and foster youth.

For fiscal year 2023-24, the LCFF provides to school districts and charter schools a Target Base Grant for each Local Education Agency ("LEA") equivalent to (a) $10,951 per ADA for kindergarten through grade 3; (b) $10,069 per ADA for grades 4 through 6; (c) $10,367 per ADA for grades 7 and 8; and (d) $12,327 per ADA for grades 9 through 12.

Beginning in fiscal year 2013-14, and in each subsequent year, the Base Grants have been adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. With full implementation of the LCFF, the provision of a cost-of-living-adjustment ("COLA") is now subject to appropriation for such adjustment in the annual State budget. For fiscal year 2023-24, a 8.22% COLA was included and for fiscal year 2024-25, 0.76% is proposed to be included although that will not be determined until adoption of the fiscal year 2024-25 budget for the State in June 2024. See "– State Budget Measures – 2023-24 State Budget" and "-Proposed 2024-25 State Budget" for information regarding the COLAs for fiscal year 2023-24 and fiscal year 2024-25. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Additional add-ons are also provided to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals ("FRPM") and are not discussed separately herein). A supplemental grant add-on (each, a "Supplemental Grant") is authorized for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The following table sets forth the historical enrollment (California Basic Educational Data System Actual) and ADA (second principal apportionment) for fiscal years 2011-12 through 2022-23.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Historical Enrollment and ADA
Fiscal Years 2011-12 through 2022-23

Fiscal Year	Enrollment	ADA
2011-12	43,426	41,131
2012-13	42,623	40,449
2013-14	41,638	39,985
2014-15	41,026	38,891
2015-16	41,027	38,837
2016-17	41,079	38,730
2017-18	40,852	38,647
2018-19	40,660	38,495
2019-20	40,428	38,205
2020-21	39,003	38,220
2021-22	38,043	33,550
2022-23	37,289	33,727

Source*: The District.*

Declining Enrollment. As shown in the table above, the District has been experiencing declining in enrollment for over a decade. The District projects and has budgeted continuing enrollment decline of approximately 0.5% over the next two fiscal years, as reflected in its fiscal year 2023-24 budget and as shown in the following table. The District attributes the decline in enrollment to local demographic shifts including a decline in birth rates and families moving out of State, as well competing charter schools within the District's territory. See "DISTRICT FINANCIAL INFORMATION – District Budgets" for a discussion of the impact of declining enrollment, among other factors, on the District's financial condition.

The following table sets forth the ADA, enrollment, the percentage of EL/LI ("Unduplicated Count") enrollment, and the percentage of FRPM enrollment for fiscal year 2022-23, budgeted for the current year and projections for fiscal years 2024-25 and 2025-26.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
ADA, English Language/Low Income Enrollment
Fiscal Years 2022-23 through 2025-26

	ADA					Enrollment		
Fiscal Year	TK-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of Unduplicated Count	% of FRPM Enrollment
2022-23	10,207.61	7,982.85	5,503.56	10,032.80	33,727.0	9,901.44	70.39%	70.39%
2023-24[1]	10,258.00	7,840.24	5,531.96	10,193.60	33,823.8	9,683.92	69.82	69.76
2024-25[2]	9,978.32	7,651.64	5,560.48	10,223.96	33,414.0	9,506.36	69.82	70.25
2025-26[2]	9,927.72	7,613.00	5,531.96	10,171.52	33,244.2	9,458.52	69.82	70.07

[1] Budgeted.
[2] Projected.
Source: *The District*.

Due to the COVID-19 pandemic and related State budget-implementing legislation, California school districts, other than certain charter school districts, were held harmless against any loss of ADA for purposes of calculating apportionment in the 2020-21 fiscal year, with ADA for purposes of calculation of state funding based on ADA for fiscal year 2019-20. Additionally, due to State-wide declining enrollment trends, additional hold harmless measures have been instituted to shelter school districts from large annual revenue losses. For fiscal year 2021-22, ADA for funding purposes was based on ADA for fiscal year 2019-20. The fiscal year 2022-23 budget for the State permits schools districts, on an on-going basis, to use the greater of the current year or prior year ADA or an average of the three prior years' ADA to calculate LCFF funding. Due to the declining enrollment trends, the District calculates funded ADA based on the average of the prior three years' ADA and expects to continue using this methodology going forward. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures."

The sum of a school district's adjusted Base, Supplemental and Concentration Grants will be multiplied by such district's P-2 ADA for the current, prior year or an average of the three prior years' ADA, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with any applicable categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the State Legislature to school districts.

Certain schools districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as basic aid, and does not expect to in future fiscal years.

Accountability. The State Board of Education has promulgated regulations regarding the expenditure of supplemental and concentration funding, including a requirement that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such district on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school district can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt Local Control and Accountability Plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted annually, covering a three year period. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97 (2013), as amended by SB 91 (2013), establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

In the last five years, the District has adopted its annual LCAP in compliance with the LCFF.

Revenue Limit Funding System. Prior to the implementation of the LCFF, annual State apportionments of basic and equalization aid to school districts for general purposes were computed up to a revenue limit (described below) per unit of ADA. Generally, such apportionments amounted to the difference between the District's revenue limit and the District's local property tax allocation. Revenue limit calculations were adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all of the same type of California school districts (i.e., unified, high school or elementary). State law also provided for State support of specific school related programs, including summer school, adult education, deferred maintenance of facilities, pupil transportation, portable classrooms and other capital outlays and various categorical aids.

Revenue Sources

The District categorizes its General Fund revenues into four sources. The annual percentage of revenue by each source for the most recent three fiscal years, estimated for fiscal year 2022-23 and budgeted for fiscal year 2023-24 based on the First Interim report is set forth in the table below.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Percentage of Revenue by Source

Revenue Source	2019-20	2020-21	2021-22	2022-23[1]	2023-24[2]
LCFF sources	74.7%	67.2	62.3%	58.1%	65.0%
Federal revenues	9.4	19.0	19.4	18.0	18.0
Other State revenues	14.1	12.2	16.8	22.6	16.0
Other local revenues	1.8	1.6	1.0	1.3	1.0

(1) Based on the 2022-23 Estimated Actuals.
(2) Based on the First Interim Report for Fiscal Year 2023-24.
Source*: The District.*

Each of these revenue sources is briefly described below. For more information regarding the LCFF, see "-State Funding of Education" above.

LCFF Sources. State funding under the LCFF consists of Base Grants and supplemental grants as described above. See "- State Funding of Education – Local Control Funding Formula" above.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Every Child Succeeds.

Other State Revenues. The District receives some other State revenues. These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Economic Impact Aid, School Improvement Program, instructional materials, and various block grants.

The District receives State aid from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional material.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, interagency services and other local sources.

Developer Fees

The District receives developer fees per square foot pursuant to Education Code Section 17620 which must be used to fund construction or reconstruction of school facilities. Current developer fees are $3.36 per square foot for residential housing and $0.54 per square foot for commercial or industrial development. The following table sets forth developer fee collections by the District for the last five fiscal years and the projected developer fee collections for the current fiscal year. Developer fees collected by the District are not available to be used to pay principal of or interest on the Bonds.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Developer Fee Collections

Fiscal Year	Developer Fees Collected
2019-20	$6,208,728.19
2020-21	5,266,712.66
2021-22	8,161,150.00
2022-23[(1)]	4,566,925.86
2023-24[(2)]	3,885,000.00

[(1)] Estimated.
[(2)] Budgeted.
Source: *The District.*

COVID-19 and its Economic Impact

In late 2019, an outbreak of COVID-19, a respiratory virus, initially occurred in China and subsequently spread globally. The global outbreak, together with measures undertaken to limit the spread of COVID-19 imposed by local and federal governments, caused volatility in financial markets as well as operating restrictions upon many businesses. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and increases in inflation as these restrictions and closures have been lifted.

Federal Response. On March 13, 2020, in response to the COVID-19 outbreak, then President Trump declared a national emergency, making available more than $50 billion in federal resources to combat the spread of COVID-19. Contemporaneously, Congress enacted and the President signed into law the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") to provide relief and stimulus to American businesses and individuals impacted by COVID-19. The CARES Act also designated $339.8 billion for state and local governments with $274 billion for COVID-19 response efforts as well as an additional $13 billion for K-12 schools. In order to provide extensions to certain benefits previously provided under the CARES Act, as well as address ongoing economic impacts of the COVID-19 pandemic, in December, 2020, the federal government enacted the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSA") which included $900 billion of coronavirus emergency response and relief including $54.3 billion for K-12 schools and $22.7 billion for higher education. In March, 2021, President Biden signed a $1.9 trillion stimulus package (the "American Rescue Package") into law, authorizing a third round of one-time stimulus payments for qualifying Americans, extending additional unemployment benefits, and providing $123 billion in new, flexible aid to school districts. On January 31, 2023, the Biden Administration announced that the United States would end its COVID-19 emergency declarations on May 11, 2023.

State Response. In response to the outbreak of COVID-19 in the State, on March 4, 2020, Governor Gavin Newsom declared a State of Emergency. On March 19, 2020, Governor Newsom issued an Executive Order requiring mandatory shelter-in-place for all non-essential services. In September, 2020, the Governor replaced the Executive Order with the "Blueprint for a Safer Economy" ("Blueprint") which provided regulations for economic and social activity on a county by county basis related to certain metrics of disease transmission. The Blueprint system was terminated on June 15, 2021 and Governor Newsom ended the State of Emergency relating to COVID-19 on February 28, 2023.

As a result of the various regulations imposed in order to slow the spread of COVID-19, economic activity within the State, the County and the community around and within the District suffered episodes of recession and/or depression. Generally, a majority of the State's General Fund revenue is derived from personal income tax receipts. However, the fiscal year 2021-22 budget for the State and the 2022-23 State Budget (defined below) indicated increases in State revenues during the COVID-19 pandemic. The 2023-24 State Budget and the Proposed 2024-25 State Budget (both defined below), however, forecast revenues decreasing from recent years. See "See " – State Budget Measures – 2023-24 State Budget" and "-Proposed 2024-25 State Budget" for additional information regarding State revenues in fiscal year 2023-24 and fiscal year 2024-25.

Impact of COVID-19 on California School Districts

To assist school districts respond to the spread of COVID-19, on March 13, 2020, Governor Newsom issued Executive Order N-26-20, providing that school districts that initiated a school closure would continue to receive state funding to support all of the following during the period of closure: (1) continued delivery of high-quality educational opportunities to students through, among other options, distance learning and/or independent study; (2) the provision of school meals in noncongregate settings; (3) arrangement for supervision for students during ordinary school hours; and (4) continued payment of school district employees. The Executive Order also provided that statutorily mandated maintenance of schools for a minimum of 175 days was waived for school districts that initiated a school closure to address COVID-19.

To address the impacts of school closures and the COVID-19 response, the State Legislature, in 2020, adopted legislation to appropriate $500,000,000 from the State General Fund for any purpose related to the Governor's declared State of Emergency. Among other things, the legislation provided that, for all school districts that complied with Executive Order N-26-20, attendance during only full school months from July 1, 2019, to February 29, 2020, inclusive, would be reported for apportionment purposes and, further, held harmless school districts not meeting minimum instructional day and minute requirements, in order to prevent a loss of funding related to school closures due to the outbreak.

The District, like other school districts in the State, closed its school campuses for the remainder of the 2019-20 school year and implemented a distance learning program. The District began the 2020-21 school year with a distance learning program and began offering a hybrid model of instruction for all grades beginning in the second half of the 2020-21, when the County moved into a lower risk assessment tier under the Blueprint. The District began the 2021-22 school year offering full time in-person learning, for which the State provided grants to incentivize and assist school districts with re-opening and learning loss mitigation. The District has remained fully open since re-opening in 2021-22.

During the COVID-19 pandemic, the District received approximately $323.8 million in aggregate relief, including funding from the CARES Act, CRRSA and the American Rescue Package. The District has used such funding for, among other things, staff training, sanitizing supplies, educational technology, mental health services, professional development, broadband connectivity, meal services for families, and learning loss staffing and plans to use additional COVID-19 funding to improve air quality and ventilation, outdoor learning spaces, curriculum and instructional materials, and English language development and math supports.

The District cannot predict whether there will be any future COVID-19 outbreaks or whether COVID-19 will have any further impact on the District's General Fund revenues. However, the Bonds are general obligations of the District payable solely from *ad valorem* property taxes and are not payable from the General Fund of the District. See "SECURITY FOR THE BONDS" herein.

Budget Procedures

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. In 2014, Assembly Bill 2585 was enacted, which repealed provisions authorizing schools districts to use a dual budget adoption cycle. Instead, all school districts must be on a single budget cycle. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations, and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

The District's budget's for fiscal years 2018-19, 2019-20 and 2020-21 were disapproved by the Sacramento County Office of Education ("SCOE"). The District's budgets for fiscal years 2021-22, 2022-23 and 2023-24 have all been conditionally approved by SCOE. See "2018-19 Budget Disapproval and Initial County Oversight" and "- Conditional Approval of fiscal years 2021-22 and 2022-23" below.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

The table below presents the interim certifications for the District for each reporting period in the last five years.

Interim Report	Certification
2018-19 First Interim	Negative
2018-19 Second Interim	Negative
2019-20 First Interim	Negative
2019-20 Second Interim	Negative
2020-21 First Interim	Negative
2020-21 Second Interim	Qualified
2021-22 First Interim	Qualified
2021-22 Second Interim	Negative
2022-23 First Interim	Positive
2022-23 Second Interim	Positive
2023-24 First Interim	Positive

Source: *The District.*

2018-19 Budget Disapproval and Initial County Oversight

By letter dated August 22, 2018, SCOE disapproved the District's fiscal year 2018-19 adopted budget because while the District budget met the 2% minimum reserve requirement in fiscal year 2019-19, the fiscal year 2018-19 budget failed to do so for fiscal years 2019-20 and 2020-21 resulting in negative fund balances. Accordingly, pursuant to Section 42127 of the Education Code, increased oversight procedures were implemented. These procedures included the assignment of a fiscal advisor by SCOE (the "Fiscal Advisor") to assist the District with building a balanced budget, including by identifying budget reductions. The Fiscal Advisor was to remain in place until a balanced budget could be achieved and had authority to stay or rescind any action that was determined to be inconsistent with the ability of the District to meet its obligations for the current or subsequent fiscal year. As of the 2023-24 fiscal year, the Fiscal Advisor has been removed. See "-SCOE Approval of Fiscal Year 2023-24 Budget" below.

Implementation of Fiscal Recovery Plans

For fiscal years 2019-20 and 2020-21, the SCOE continued to disapprove the District's budgets due to the projected negative ending fund balances shown in each budget's multi-year projections. The District's 2020-21 First Interim Financial Report projected that ongoing reductions of $30 million were required in order to balance the budget, satisfy the state-mandated 2% reserve, and avoid a fiscal crisis. A "student-centered fiscal recovery plan" was presented to the Board on January 26, 2021, which provided a list of options, subject to negotiations, that could achieve a $30 million solution to the budget. At the February 4, 2021 Board meeting, the Board approved a $4.5 million reduction in expenditures.

Conditional Approval of Fiscal Years 2021-22 and 2022-23 Budgets

The District's fiscal year 2021-22 budget included a positive ending fund balance and met the statutory 2% unrestricted reserve requirement but included ongoing unrestricted General Fund deficit spending. SCOE, determining that the 2021-22 budget did not provide adequate assurance that the District was a going concern, conditionally approved the District's 2021-22 budget with the condition that the District approve a Fiscal Recovery Plan by December 15, 2021, noting decreasing enrollment, unsettled collective bargaining agreements and the use of significant one-time funds, all of which could increase deficit spending in future years.

As of the First Interim Report for fiscal year 2021-22, approximately $26.2 million in reductions were needed in order to balance the budget. Due to the need for such reduction, the District certified its 2021-22 First Interim Report with a qualified certification.

On December 16, 2021, the Board approved a Fiscal Recovery Plan including both non-negotiable and negotiable budget solutions of approximately $5.3 million. Implementation of the Fiscal Recovery Plan as well as reductions, aligning staff to enrollment and strategic use of resources reduced the budget deficit and caused positive ending fund balances for the current and subsequent fiscal year as of the fiscal year 2021-22 Second Interim Report, however, still resulted in a small deficit in fiscal year 2023-24. The District, despite budgetary improvement, therefore self-certified its fiscal year 2021-22 Second Interim Report as qualified and noted that on-going declining enrollment and as well as unsettled negotiations with labor unions over multiple years were expected to impact future budgets.

By letter dated April 18, 2022, SCOE notified the District that it was changing the certification of the fiscal year 2021-22 Second Interim Report from qualified to negative citing the tentative agreements reached with Sacramento City Teachers' Association ("SCTA") and Service Employees' International Union ("SEIU") and the recent strike with such parties which compelled the District to close its schools for eight days and incur significant fiscal penalties. See "SACRAMENTO UNIFIED SCHOOL DISTRICT – Employees and Labor Relations" herein for more information regarding the SCTA and SEIU strike.

The District's fiscal year 2022-23 budget was also conditionally approved by SCOE. From fiscal year 2018-19 through fiscal year 2022-23, the District implemented $58.1 million of ongoing budget solutions and $21.9 million of one-time solutions. The fiscal year 2022-23 budget projected increasing unrestricted General Fund revenues over all three budget years but declining enrollment and salary re-openers with bargaining units remaining as factors impacting the District's financial position.

SCOE Approval of Fiscal Year 2023-24 Budget

Similar to fiscal year 2022-23, the District's fiscal year budget 2023-24 also includes positive unrestricted General Fund ending balances and a generally improved financial position. SCOE has approved the District's 2023-24 fiscal year budget and, accordingly, the Fiscal Advisor has been removed. The District continues to experience declining enrollment as well as the expenditure of one-time funds and the need to terminate programs thereafter, as provided in the fiscal year 2023-24 First Interim Report which was certified positive but contains deficit spending of approximately $57 million due to the spend down of one-time COVID relief funds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes and are not payable from the General Fund of the District. See "SECURITY FOR THE BONDS" herein.

FCMAT Fiscal Health Risk Analysis

In furtherance of its work to bring its budget into structural balance, in September 2018, the District entered into an agreement with the Financial Crisis Management Assistance Team ("FCMAT") for FCMAT to conduct a fiscal health risk analysis and determine the risk rating of the District. On December 12, 2018, FCMAT delivered its fiscal health risk analysis (the "Fiscal Health Risk Analysis") which recommended that the District take immediate action to avoid further erosion of the District's reserves. In the Fiscal Health Risk Analysis, FCMAT identified several signs of fiscal distress for the District, including deficit spending, substantial reductions in fund balance, inadequate reserve levels, approval of a bargaining agreement beyond cost-of-living adjustments, large increases in contributions to restricted programs (especially in special education), lack of a strong position control system, and leadership issues. FCMAT reviewed twenty fiscal indicator sections in its analysis, noting that districts that respond "No" to several fiscal indicator questions across the twenty sections may have cause for concern and could require some level of fiscal intervention. FCMAT noted that in light of the District's most recent cash flow projections, there was urgency to make $30 million in reductions to balance the budget for fiscal year 2019-20. FCMAT's oversight and review of the District ended after the Fiscal Health Risk Analysis was presented to the Board in December, 2018.

For further information on FCMAT's review of and conclusions regarding the District's financial condition, investors are directed to read the full version of the Fiscal Health Risk Analysis, which is publicly available on FCMAT's website at the following address: http://www.fcmat.org/. The information referred to is prepared by FCMAT and not by the District, and the District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference.

In response to the Fiscal Health Risk Analysis, the District established its Fiscal Transparency and Accountability Committee (the "Committee") to review the District's budget based on District priorities and goals, review and advise on budget versus actual expenditure variances, and evaluate the budget based on student performance and outcome indicators. The Committee consists of three members of the Board and began meeting regularly in February 2019.

The District undertakes regular updates of the steps it is undertaking to address the weaknesses identified in the Fiscal Health Risk Analysis, including in each of its interim financial reports. As of September 21, 2023, the most recent update, the District has completed addressing 45 findings with 15 findings remaining underway.

FCMAT Management Assistance

In May, 2020, the District and FCMAT entered into an agreement for FCMAT to review the District's budget and develop an independent multiyear financial projection and cash flow analysis for fiscal year 2019-20 and the two subsequent fiscal years, to determine whether the District would need an emergency appropriation from the State. FCMAT issued a set of recommendations to the District and found that if internal borrowing and external borrowing options were not available and the District did not receive an exemption from the proposed State apportionment deferrals for fiscal year 2020-21, an emergency appropriation from the State would be likely. FCMAT also found that even if borrowing options were available and a deferral exemption were granted, without substantial corrective action to the District budget, an emergency appropriation from the State would be likely necessary in fiscal year 2021-22. The District was able to implement fiscal recovery measures and did not need an emergency appropriation from the State in fiscal year 2020-21, 2021-22 or 2022-23 and does not project the need for an emergency appropriation in fiscal years 2023-24. As discussed above (see, " – SCOE Approval of

Fiscal Year 2023-24 Budget"), the District received approval of its 2023-24 fiscal year budget from SCOE, and, accordingly, the Fiscal Advisor has been removed.

State Audit

The California Joint Legislative Audit Committee directed that a state auditor conduct a performance audit (the "State Audit") of the District's finances for the five fiscal years and identify current causes of the District's fiscal distress. The State Audit was released in December 2019, finding that the District failed to take sufficient action to control its costs in three main areas—teacher salaries, employee benefits, and special education. The State Audit found that the District (i) increased its spending by $31 million annually when it approved a new labor contract with its teachers union, SCTA, in 2017, despite warnings from SCOE that it could not afford the agreement, (ii) failed to control the costs of its employee benefits, which increased by 52 percent from fiscal years 2013–14 through 2017–18, and (iii) lacked clear policies to guide staff on appropriate expenditures for special education, limiting its ability to control such costs.

To address the District's fiscal issues as of December 2019, the State Audit recommended that the District (i) adopt a detailed plan to resolve its fiscal crisis, (ii) revise its multiyear projections, with at least quarterly updates, until it has taken action that would cause it to no longer project insolvency, (iii) adopt a multiyear projection methodology, with assumptions and rationale used to estimate changes in salaries, benefits, contributions, and LCFF revenue, and (iv) before it imposes an agreement on its teachers union or accepts state assistance, publicly disclose the likely effects that such actions will have on the district's students, faculty, and the community, and its plans to address these effects. In order to prevent future fiscal crisis, the State Audit recommended that the District (i) adopt a budget methodology, including guidance on the use of one-time funds, the use and maintenance of district reserves, and the maintenance of a balanced budget, (ii) develop a long-term funding plan to address its retiree health benefits liability, (iii) adopt a policy that guides staff on steps they should take to ensure that special education expenditures are cost-effective, (iv) annually apply for available state funding for its extraordinary special education costs, (v) develop and adopt a succession plan that ensures that it has staff who have the training and knowledge necessary to assume critical roles in the case of turnover, and (vi) develop effective employee orientation programs, including mentorship, to allow incoming leaders to better adapt to the organization's structure and culture.

By letter dated November 14, 2019, the District responded to the State Audit and confirmed that its findings ultimately align with those of the District, namely that the primary solutions to the District's budget imbalance exist through negotiations with its labor partners and recognized that such relationship has not been productive or collaborative for a number of years.

Comparative Financial Statements

The District's General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2020, and prior fiscal years are on file with the District and available for public inspection at the Office of the Superintendent of the District, 5735 47th Avenue, Sacramento, California 95824. See APPENDIX B hereto for the 2021-22 Audited Financial Statements of the District.

The table on the following page reflects the District's adopted budgets for fiscal years 2019-20 through 2023-24, audited General Fund revenues, expenditures, and fund balances for fiscal years 2019-20 through 2021-22, the unaudited actual financial results for fiscal year 2022-23 and the First Interim Report for fiscal year 2023-24.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETING

	Adopted Budget 2019-20[1]	Audited Actuals 2019-20[1]	Adopted Budget 2020-21[2]	Audited Actuals 2020-21[1]	Adopted Budget 2021-22[1]	Audited Actuals 2021-22[1]	Adopted Budget 2022-23[2]	Unaudited Actuals 2022-23[3]	Adopted Budget 2023-24[4]	First Interim Report 2023-24
REVENUES										
LCFF Sources	$411,797,231	$413,709,116	$412,231,565	$412,682,736	$432,750,059	$391,424,149	$456,323,702	$483,343,535	$502,824,980	$502,790,724
Federal	66,583,550	51,917,179	116,834,764[5]	106,543,983[5]	46,193,654	120,733,568[5]	91,620,567	102,737,272[5]	99,571,861	141,267,968[5]
Other State	72,319,786	78,372,218	75,048,088	99,545,932	73,939,718	104,713,852	133,686,719	191,809,507	112,240,920	123,738,287
Other Local	9,090,755	9,950,079	9,685,814	7,979,528	6,385,645	5,974,394	8,258,946	20,073,797	6,184,125	8,218,346
Total Revenues	559,791,322	553,948,592	613,800,231	626,752,179	559,269,076	622,845,963	689,889,934	797,964,112	720,821,886	776,015,325
EXPENDITURES										
Current										
Certificated Salaries	222,800,621	209,808,827	215,532,888	213,345,658	225,805,852	237,235,646	242,978,512	229,980,325	249,366,493	302,235,312
Classified Salaries	62,778,941	60,163,620	58,460,874	62,484,309	61,720,315	76,904,101	70,677,912	67,457,009	77,482,308	90,255,085
Employee Benefits	177,606,806	175,948,151	181,174,974	177,007,077	189,329,145	185,060,292	215,767,200	189,601,958	221,046,732	228,714,048
Books and Supplies	41,196,691	11,145,790	101,259,537	56,495,308	29,444,199	26,193,255	29,337,531	20,898,836	39,153.365	59,646,009
Services, Other Operating Expenses	75,194,802	65,548,240	84,007,765	76,546,897	82,045,873	103,385,895	85,526,262	118,465,566	111,859,298	136,170,086
Other Outgo	471,000	1,150,697	1,100,000	1,265,463	(150,180)	1,473,819	1,540,000	1,420,167	1,510,300	1,510,300
Other Outgo – Transfers of Indirect Costs	--	--	--	--	--	--	(1,191,588)	(1,201,047)	(1,277,770)	(1,168,468)
Capital outlay	627,792	8,361,223	484,435	4,423,302	1,781,522	9,148,969	5,429,251	25,340,223	946,177	16,187,269
Debt service- principal	10,300	2,280	--	--	--	--	--	--	--	--
Debt service - interest	--	--	--	--	--	--	--	--	--	--
Total Expenditures	580,686,953	532,129,368	642,020,473	591,568,014	589,976,726	639,401,977	650,065,110	651,963,037	700,086.904	833,549,641
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(20,895,631)	21,819,224	(28,220,242)	35,184,165	(30,707,650)	(16,556,014)	42,167,249	146,001,075	20,734,982	(57,534,315)[6]
OTHER FINANCING SOURCES (USES)										
Transfers in	4,022,539	3,598,304	3,798,264	3,181,213	2,316,301	3,162,296	2,342,426	2,078,863	2,475,399	2,475,399
Transfers out	(1,833,785)	(2,698,262)	(1,981,864)	(5,507,272)	(266,000)	(2,660,202)	--	--	--	--
Proceeds from sale of land	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	2,188,754	1,114,503	1,816,400	(2,326,059	2,050,301	502,094	2,342,426	2,078,863	2,475,399	2,475,399
NET CHANGE IN FUND BALANCES	(18,706,877)	22,719,266	(26,403,842)	32,858,106	(28,657,349)	(16,053,920)	44,509,675	148,079,938	23,210,381	5,058,916
Fund Balance, July 1	70,329,345	70,329,345	93,048,611	93,048,611	125,906,717	125,906,717	67,291,485	109,852,797	181,629,916	257,932,735
Fund Balance, June 30	$51,622,468	$93,048,611	$66,644,769	$125,906,717	$97,249,368	$109,852,797	$109,458,734	$257,932,735	$204,840,297	$202,873,819

[1] From the audited financial statements of the District for such fiscal year.
[2] From Fiscal Year 2022-23 Adopted Budget of the District.
[3] From Fiscal Year 2022-23 Unaudited Actual Financial Report of the District
[4] From Fiscal Year 2023-24 Adopted Budget of the District as of the 45-Day Revised Budget.
[5] Includes one-time COVID relief funds.
[6] Reflects expenditure of one-time Covid Relief funds.
Source: *The District.*

General Fund Balance Sheet

The following table reflects the District's audited General Fund balance sheet for fiscal years 2017-18 to 2021-22.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
Summary of General Fund Balance Sheet
for Fiscal Years 2017-18 through 2021-22

	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22
ASSETS					
Cash and Investments:					
Cash in County Treasury	$75,050,277	$74,722,121	$48,227,154	$158,261,952[4]	$205,714,672[4]
Cash on Hand and in Banks	281,217	67,519	85,883	65,145	42,883
Cash in Revolving Fund	225,000	225,000	225,000	225,000	225,000
Accounts Receivable	8,656,692	8,707,218	64,707,798[1]	25,914,449	32,178,242
Prepaid Expenditures	12,730	19,306	--	--	16,100
Due from Other Funds	4,117,257	5,970,784	2,814,637	5,121,124	2,946,568
Due from Grantor Governments	16,311,650	23,390,594	24,179,665	37,009,626	33,790,821
Stores Inventory	108,722	104,845	104,537	104,480	105,262
Total Assets	104,763,545	113,207,387	140,344,674	226,701,776	275,019,548
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	26,947,248	30,947,183	40,063,484[2]	80,414,899	81,311,912
Due to Grantor Governments	--	--	--	2,066,651[3]	65,820,039[3]
Unearned Revenue	6,567,313	10,438,729	5,597,401	10,583,206	13,077,997
Due to Other Funds	748,233	1,492,130	1,635,178	7,720,303	4,956,803
Total Liabilities	34,262,794	42,878,042	47,296,063	100,795,059	165,166,751
FUND BALANCES					
Total Fund Balances	70,500,751	70,329,345	93,048,611	125,906,717	109,852,797
Total Liabilities and Fund Balances	$104,763,545	$113,207,387	$140,344,674	$226,701,776	$275,019,548

[1] Increased Accounts Receivables in fiscal year 2019-20 was due to the deferral of both LCFF revenue and AB602 Special Education revenue from June 2020 to July 2020 by the State.
[2] Increased Accounts Payable in fiscal year 2019-20 due to an adjustment to the Education Protection Account ("EPA") revenues by the State which increased the allocation of Principal Apportionment funds and decreased allocation of EPA funds which led to an overpayment of EPA funds and underpayment of Principal Apportionment funds to the District. The District recognized the overpayment within its accounts payable as an amount owed back to the State.
[3] Includes In-Person Instruction Grants and Expanded Learning Opportunities Grants under AB 86 returned to the State due to adjustments for the number of in-person instruction days offered by the District.
[4] Includes one-time COVID relief funds.
Source: *The District.*

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Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

State Budget Measures

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information.

2023-24 State Budget. The fiscal year 2023-24 budget for the State ("2023-24 State Budget") was passed by the State Legislature on June 15, 2023. On June 28, 2023, the Governor signed Senate Bill 101, the State Budget Act of 2023, and on July 10, 2023, the Governor signed additional trailer bills, including Senate Bill 114 and Senate Bill 115, forming the complete substantive agreement of the 2023-24 State Budget. The 2023-24 State Budget, for the first time in several years, foresees a downturn in revenues and addresses an approximate $31.7 billion budget shortfall. A balanced budget is accomplished through spending reductions and pullbacks of previously planned spending, delays in spending, fund shifts, alternative revenues and borrowing and a withdrawal from the Safety Net Reserve.

The 2023-24 State Budget projects approximately $208.7 billion in General Fund revenues with a prior year balance of $26.4 billion for total resources of $235 billion, and $225.9 billion in expenditures for fiscal year 2023-24. For fiscal year 2022-23, the 2023-24 State Budget estimated $260.9 billion in resources and $234.6 billion in expenditures. The 2023-24 State Budget projects a historic level of reserves, setting aside a total of $37.8 billion including $22.3 billion in the Budget Stabilization Account (the "BSA") for fiscal emergencies, $900 million in the Safety Net Reserve, $10.8 billion in the Public School System Stabilization Account (the "PSSSA"), and an estimated $3.8 billion in the State's Special Fund for Economic Uncertainties. The $9.9 billion balance in the PSSSA in fiscal year 2022-23 will trigger the 10% cap on school district reserves beginning in fiscal year 2023-24. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 2" herein for more information regarding school district reserves.

The 2023-24 State Budget provides total K-12 funding of $129.2 billion ($79.5 General Fund and $49.7 billion from other funds). The projected decrease in State revenues under the 2023-24 State Budget lowers the Proposition 98 guarantee to $110.6 billion in fiscal year 2021-22, $107.4 billion in fiscal year 2022-23 and $108.3 billion in fiscal year 2023-24.

The LCFF under the 2023-24 State Budget receives a COLA of 8.22%, the largest COLA since the implementation of the LCFF. The 2023-24 State Budget includes $300 million ongoing Proposition 98 funds to establish an equity multiplier as an add-on to the LCFF to augment resources for the highest-need schools in the State.

Additional significant provisions of the 2023-24 State Budget relating to K-12 education include the following:

- *Literacy* – $250 million one-time Proposition 98 funds to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which funds high-poverty schools to train and hire literacy coaches and reading specialists. Requires screening of students in kindergarten through second grade for risk of reading difficulties, including dyslexia, by the 2025-26 school year and provides $1 million to convene a panel to create a list of approved screening instruments.

- *State Pre-School* – (1) $343.1 million Proposition 98 funds and $20,000 non-Proposition 98 funds from the 2022-23 fiscal year, (2) $369.3 million Proposition 98 funds and $126.1 million General Fund from the 2023-24 fiscal year, and (3) $445.7 million Proposition 98 funds and $186.5 million General Fund from the 2024-25 fiscal year. Suspends the annual COLA applicable to the State Preschool Program in fiscal years 2023-24 and 2024-25. Revises the family fee schedule for the State Preschool Program beginning October 1, 2023, to: (1) limit family fees to one percent of a family's monthly income, and (2) prohibit the assessment of a fee for families with an adjusted monthly income below 75% of the state median income. Authorizes State Preschool Program family fee debt that accrued but remained uncollected prior to October 1, 2023 to be forgiven.

- *Educator Workforce* – $10 million one-time Proposition 98 funds for grants to provide culturally relevant support and mentorship for educators to become school administrators.

- *Transitional Kindergarten* – $357 million ongoing Proposition 98 funds to support the first year of expanded eligibility for TK and $283 million Proposition 98 funds to support the first year of adding one additional certificated or classified staff person to every TK class, $597 million ongoing Proposition 98 funds to support the second year (2023-24 school year) of expanded eligibility for transitional kindergarten and $165 million Proposition 98 funds to support the second year of adding one additional certificated or classified staff person to every transitional kindergarten class.

- *Arts, Music, and Instructional Materials Discretionary Block Grant* – Decreases one-time Proposition 98 fund for the grant by $200 million, reducing total one-time program support from approximately $3.5 billion to approximately $3.3 billion. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) will provide approximately $938 million ongoing Proposition 98 General Fund beginning in fiscal year 2023-24.

- *Learning Recovery Emergency Block Grant* – Delays approximately $1.1 billion one-time Proposition 98 funds for the Learning Recovery Emergency Block Grant to fiscal years 2025-26, 2026-27, and 2027-28.

- *Zero-Emission School Buses* – Delays $1 billion one-time Proposition 98 funds to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to fiscal years 2024-25 and 2025-26.

- *California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program* – Delays planned fiscal year 2023-24 $550 million investment to fiscal year 2024-25.

- *School Facility Program* – Approximately $2 billion one-time General Fund to support the School Facility Program in fiscal year 2023-24.

- *Nutrition* – Additional $154 million ongoing Proposition 98 funds and an additional $110 million one-time Proposition 98 funds to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.

- *Bipartisan Safer Communities Act, Stronger Connections Program* – $119.6 million one-time federal funds to support LEA activities related to improving school climate and safety through the Stronger Connections Program.

- *Charter School Facility Grant Program* – one-time investment of $30 million Proposition 98 funds to support eligible facilities costs, consistent with the 2022-23 State Budget.

- *Bilingual Teacher Professional Development Program* – $20 million one-time Proposition 98 funds, to be available through fiscal year 2028-29 fiscal year.

- *Commercial Dishwasher Grants* – $15 million one-time Proposition 98 funds to support grants to acquire and install commercial dishwashers.

- *Restorative Justice Practices* – $7 million one-time Proposition 98 funds to provide support for local educational agencies opting to implement certain restorative justice best practices.

- *Golden State Teacher Grant Program* – $6 million one-time federal funds to support grants to teacher candidates enrolled in a special education teacher preparation program who agree to teach at a high-need school site.

- *K-12 High Speed Network* – $3.8 million ongoing Proposition 98 funds to support the K-12 High Speed Network program.

- *Reversing Opioid Overdoses* – $3.5 million ongoing Proposition 98 funds for all middle schools, high schools, and adult school sites to maintain at least two doses of naloxone hydrochloride or another medication to reverse an opioid overdose on campus for emergency aid.

Proposed 2024-25 State Budget. The fiscal year 2024-25 proposed budget for the State ("Proposed 2024-25 State Budget") was released by the Governor on January 10, 2024. The Proposed 2024-25 State Budget foresees a downturn in revenues and addresses an approximate $37.9 billion budget shortfall resulting primarily from (i) substantial declines in the stock market in 2022 driving down personal income, sales and corporation tax revenues and (ii) the extension of the tax filing deadline for calendar year 2022 which resulted in a delay in collection of income taxes. A balanced budget is accomplished through reserve withdrawals, spending reductions, internal borrowing, fund shifts and delays, and deferrals of specific obligations.

The Proposed 2024-25 State Budget projects approximately $214.7 billion in General Fund revenues with a prior year balance of $8 billion for total resources of $222.7 billion, and $208.7 billion in expenditures for fiscal year 2024-25. For fiscal year 2023-24, the Proposed 2024-25 State Budget estimates $238.9 billion in resources and $230.9 billion in expenditures. The Proposed 2024-25 State Budget projects substantial total budget reserves, setting aside a total of $18.4 billion, including $11.1 billion in the BSA for fiscal emergencies, $3.9 billion in the PSSSA, and an estimated $3.4 billion in the State's Special Fund for Economic Uncertainties. The $5.7 billion balance in the PSSSA in fiscal year 2023-24 continues to trigger the 10% cap on school district reserves in fiscal year 2024-25. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICTS – Proposition 2" herein for more information regarding school district reserves.

The Proposed 2024-25 State Budget includes total K-12 funding of $126.8 billion ($76.4 billion General Fund and $50.4 billion from other funds). K-12 per-pupil funding totals $17,653 Proposition 98 funds and $23,519 per pupil when accounting for all funding sources. The projected decrease in State revenues under the Proposed 2024-25 State Budget lowers the Proposition 98 guarantee to $98.3 billion in fiscal year 2022-23, $105.6 billion in fiscal year 2023-24 and $109.1 billion in fiscal year 2024-25. These revised Proposition 98 levels represent a decrease of approximately $11.3 billion over the three-year period relative to the 2023-24 State Budget. The Proposed 2024-25 State Budget proposes statutory changes to address roughly $8 billion of this decrease to avoid impacting already-adopted k-12 school and community college district budgets.

The Proposed 2024-25 State Budget includes an LCFF COLA of 0.76%. However, to fully fund the LCFF and to maintain the level of current year principal apportionments, the Proposed 2024-25 State Budget proposes withdrawing approximately $2.8 billion from the PSSSA in fiscal year 2023-24, and approximately $2.2 billion from the PSSSA, as well as using other available funding of approximately $38.6 million, in fiscal year 2024-25.

Additional significant provisions of the Proposed 2024-25 State Budget relating to K-12 education include the following:

- *Instruction Continuity* — Statutory changes to provide attendance recovery opportunities to students to make up lost instructional time including allowing school districts to add attendance recovery time to the attendance data submitted to CDE, requiring school districts to provide students with access to remote instruction or support to enroll at a neighboring school district for emergencies lasting 5 or more days and encourage school districts to provide hybrid or remote learning opportunities to students who are unable to attend school.

- *California State Preschool Program* — $53.7 million General Funds to support reimbursement rates to maintain the level of support necessary for the Department of Education to meet the collective bargaining agreement requirements and administer the program.

- *Teacher Preparation and Professional Development* — $25 million ongoing Proposition 98 funds through the K-12 Mandate Block Grant to support training for educators to administer literacy screenings and $20 million one-time Proposition 98 funds for a county office of education to work with the University of California Subject Matter Projects, as well as other well-qualified governmental or non-profit providers, to develop and provide training for mathematics coaches and leaders.

- *California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (FDK Program)* — A delay in the fiscal year 2024-25 planned $550 million FDK Program investment to fiscal year 2025-26 to support the construction of new school facilities or retrofitting existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms.

- *Zero-Emission School Buses* — $500 million one-time Proposition 98 funds to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission in fiscal year 2024-25.

- Curriculum-Embedded Performance Tasks for Science — $7 million one-time Proposition 98 funds to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks.

- *Cradle-to-Career Data System* — $5 million ongoing Proposition 98 funds to support the California College Guidance Initiative.

- *Nutrition* — $122.2 million ongoing Proposition 98 funds to fully fund the universal school meals program in fiscal year 2024-25 which is projected to provide over 845 million meals .

- *Broadband Infrastructure Grant* — $5 million one-time non-Proposition 98 funds to extend providing fiber broadband connectivity to the most poorly connected school sites and for joint projects connecting schools, local libraries and telehealth providers to high-speed fiber broadband.

Future Actions. The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs previously borne by the State. No prediction can be made as to whether the State will, in the future, take further measures which would, in turn, adversely affect the District. Further State actions taken to address any budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions. See also "DISTRICT FINANCIAL INFORMATION – COVID-19 Outbreak and its Economic Impact" for a discussion of COVID-19 and its impact on the State economy.

The District cannot predict the extent to which the State will encounter budgetary difficulties and what budget actions will be taken to resolve those difficulties in future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the County assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the base year value. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on outstanding general obligation bonds of the District, including the Bonds. See "TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of principal of and interest on the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

Property Tax Base Transfer Constitutional Amendment. On November 3, 2020, voters in the State approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment ("Proposition 19"). Proposition 19: (i) expands special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrows existing special rules for inherited properties; and (iii) broadens the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 has had on assessed valuation of real property in the District. Since fiscal year 2020-21, assessed valuation within the District has increased. See "TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations" herein.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the County by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for certain debt service, including debt service on the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "–Proposition 98" and "–Proposition 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. Proposition 26 does not apply to the levy of a*d valorem* taxes to pay general obligations bonds, including the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State General Fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts, and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State General Fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

Proposition 111

On June 5, 1990, the voters of California approved the Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the State Legislature. Second, there are excluded any increases in gasoline taxes above 1990 levels (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State General Fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State General Fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under

Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State General Fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendment may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property, and property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per $100,000 of taxable property value projected to be levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California (the "Controller")). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's transportation funds and General Fund and, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total General Fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's General Fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide. ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to such redevelopment agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities and to any other "enforceable obligations" (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

The District can make no representations as to the extent to which its revenue limit apportionments may be offset by the future receipt of pass through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Proposition 30

On November 6, 2012, voters approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2017. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending January 1, 2019, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,000 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the temporary tax increases were included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Proposition 98" and "—Proposition 111" herein. From an accounting perspective, the revenues generated from the temporary tax increases were deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA were and will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds are distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 55

At the November 8, 2016 general election, the voters in the State approved the Tax Extension of Education and Healthcare Initiative ("Proposition 55") which extends the increase in personal income tax on high-income taxpayers imposed under Proposition 30 until 2030. Proposition 55 did not extend the sales tax increases imposed under Proposition 30 which expired at the end of 2016.

Proposition 51

The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) was a voter initiative that was approved by voters in the State on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the construction of new K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual state budget process.

The District makes no representation that it will either pursue or qualify for Proposition 51 State facilities funding.

Proposition 2

Proposition 2, a legislatively referred Constitutional amendment approved by the voters in November, 2014 ("Proposition 2"), changed the way in which the State pays off existing debts, funds its reserves and draws from those reserves in times of economic slowdowns, as well as requires that reserves be set aside for schools and community colleges under certain circumstances. In addition, as a result of the passage of Proposition 2, new rules for school district reserves were implemented.

Under Proposition 2, the State is required annually to deposit 1.5% of General Fund revenues into the Budget Stabilization Account ("BSA"). From fiscal year 2015-16 through 2029-30, under Proposition 2, one half of the amount required to be deposited to the BSA must be applied to the payment of debts for pension and retiree benefits and specified debts to local governments and certain other State accounts. In years when capital gains tax revenues exceed 8% of General Fund revenues, a portion of such excess capital gains tax revenue is also required to be applied to the pay down of State debt. Deposits to the BSA are required until the amount on hand in the BSA reaches 10% of General Fund revenues. Once the maximum has been reached, the required deposit amount may be applied to other expenditures.

In the event the Governor were to declare a budget emergency, Proposition 2 would permit a smaller deposit to the BSA. A budget emergency may be called if there is a natural disaster such as an earthquake or flood or General Fund revenues reach a certain minimum level. Withdrawals from the BSA, under Proposition 2, are permitted upon a majority vote of the State Legislature only when the Governor has declared a budget emergency. If a budget emergency is called for two straight years in a row, in the second budget emergency year, the entire amount on hand might be withdrawn.

Public School System Stabilization Account. In the event capital gains tax revenues collected by the State in any given fiscal year exceed 8% of General Fund revenues, a portion of such excess is required to be deposited into the newly established under Proposition 2 Public School System Stabilization Account (the "PSSSA") which serves as a reserve account for school funding in years when the State budget is smaller.

SB 858 and SB 751. State regulations require school districts to budget a reserve for economic uncertainties. The recommended minimum amounts vary from 1% to 5% of total expenditures and other financing uses, depending on the district's ADA. SB 858, adopted in June 2014, imposed limitations relating to ending fund balances for school districts. Beginning in 2015–16, a school district that proposes to adopt or revise a budget that includes an ending fund balance that is two to three times higher than the state's minimum recommended reserve for economic uncertainties must substantiate the need for the higher balance. SB 751, which was adopted in October 2017 and amended Section 42127.01 of the Education Code, placed certain restrictions on the amount of a school district's ending fund balances if a certain amount of funds is available in the State's Public School System Stabilization Account ("PSSSA"). In a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts for that fiscal year (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES—Proposition 98"), a school district's adopted or revised budget may not contain an assigned or unassigned ending fund balance higher than 10% of expenditures and other financing uses. A county superintendent could waive the prohibition, pursuant to specified conditions, for up to two consecutive years within a three-year period. SB 751 does not apply to school districts with an ADA of less than 2,501 students and basic aid school districts.

If the cap is triggered, unless exempted, a school district would be required to increase expenditures in order to bring its ending fund balance down to the maximum level. The PSSA appears to be intended to provide a substitute for local reserves in the event of a future economic downturn. See "DISTRICT FINANCIAL INFORMATION – State Budget Measures –*2023-24 State Budget*" for information regarding the triggering of the reserve cap in fiscal year 2023-24.

Reserve for Economic Uncertainty. The District is statutorily required to maintain a reserve for economic uncertainties at least equal to 2% of General Fund expenditures and other financing uses (the "Minimum Reserve"). However, on March 4, 2021, the Board revised existing Board policies to establish and maintain a reserve for economic uncertainties equal to no less than 5% of General Fund expenditures to begin in fiscal year 2022-23 or when the current budget deficit is eliminated. For the fiscal year ended June 30, 2022, the District's reserve was approximately 7.6% of the total expenditures, with available reserves of $48,796,417, $12,763,716 of which was designated as available for economic uncertainties. The District's First Interim Report for Fiscal year 2023-24 Budget includes a reserve for economic uncertainties of $16,621,485 or approximately 2% of General Fund expenditures.

The District's financial and budgetary practices have been subject to increased oversight by the Financial Crisis Management Assistance Team ("FCMAT"), as well as SCOE. See "DISTRICT FINANCIAL INFORMATION – 2018-19 Budget Disapproval and Initial County Oversight." It is anticipated that if the cap is triggered, it will materially change the District's current policies on reserves.

Proposition 28. On November 8, 2022, voters approved The Arts and Music in Schools Funding Guarantee and Accountability Act which provides additional funding for arts and music education in all K–12 public schools (including charter schools) by annually allocating from the State General Fund an amount equal to 1% of total State and local revenues received by public schools in the preceding fiscal year under Proposition 98. Amounts provided under Proposition 28 are in addition to and not considered a part of the Proposition 98 guarantee. Funds appropriated under Proposition 28 are to be allocated 70% based on a school district's share of Statewide enrollment and 30% based on such school district's share of Statewide enrollment of economically disadvantaged students and must be distributed to school sites following such allocation. School districts must expend funds received pursuant to Proposition 28 within three years or such funds revert to CDE for reallocation under Proposition 28.

As a condition to receipt of funds under Proposition 28, school districts must certify that funds are to be used for arts education and that funds received in the prior fiscal year were, in fact, used for those purposes. Additionally, no more than 1% of Proposition 28 funds may be used for administrative purposes in implementing Proposition 28 programs. Schools with 500 or more students must certify that at least 80% of the funding is to be used to employ teachers and that the remainder will be spent on training, supplies, and education partnerships. Amounts appropriated under Proposition 28 in a given year may be reduced if the State Legislature suspends the Proposition 98 guarantee but only in an amount equal to the percent reduction of the Proposition 98 guarantee. See 'DISTRICT FINANCIAL INFORMATION- State Budget Measures- 2023-24 State Budget" for information regarding Proposition 28 in the 2023-24 State Budget.

Taxpayer Protection and Government Accountability Act Ballot Initiative. The Taxpayer Protection and Government Accountability Act ("Initiative 1935") has received the required number of signatures to appear on the November 5, 2024 ballot. If approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election, Initiative 1935 would make numerous significant changes to Articles XIII, XIIIA, XIIIC and XIIID of the California Constitution to limit the authority of local governments, and electors via the initiative process, to adopt and impose taxes and fees. The full text of Initiative 1935 may be viewed at the website of the California Attorney General.

The District cannot predict whether Initiative 1935 will be approved by a majority of voters casting a ballot at the November 5, 2024 Statewide election. If Initiative 1935 is approved, the District cannot provide any assurances as to the effect of the implementation or judicial interpretations of Initiative 1935 on the finances of the State or the District, although Initiative 1935 does not contain any provisions which directly impact the ability of, or the authority for ,the District to issue general obligation bonds. The Bonds are payable solely from the proceeds of the unlimited *ad valorem* property tax which the County levies and collects upon the taxable property within the District, and not from the General Fund of the District.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues, particularly revenues from the State or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

Introduction

The District is located in the County and spans 70 square miles. The District was established in 1854 and, as of fiscal year 2022-23, is the 12th largest school district in the State, as measured by student enrollment. The District provides educational services to approximately 350,000 residents in and around the capital of the State, the City. The District operates forty-two elementary schools for grades K-6, seven K-8 schools, six middle schools for grades seven through eight, two middle/high schools for grades seven through twelve, seven comprehensive high schools for grades nine through twelve, three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five dependent charter schools) and forty-two children's centers/preschools. The budgeted ADA for the District for fiscal year 2023-24 is approximately 36,026 students and the District has a 2023-24 total assessed valuation of $48,455,611,678. The audited financial statements for the District for the fiscal year ended June 30, 2022 are attached hereto as APPENDIX B.

Board of Education

The District is governed by a Board of Education ("Board"). The Board consists of seven members who are elected by trustee area to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board members or by a special election. The years in which the current terms for each member of the Board expire are set forth in the following table:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Board of Education

Name	Office	Term Expires December
Lavinia Grace Phillips	President	2024
Jasit Singh	First Vice President	2026
Chinua Rhodes	Second Vice President	2024
Tara Jeane	Member	2026
Taylor Kayatta	Member	2026
Christina Pritchett	Member	2024
Jamee Villa	Member	2024

Source: *The District.*

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824-6322, Attention: Assistant Superintendent, Business Services. The District may charge a small fee for copying, mailing and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District and a brief biography of the District Superintendent follows.

Name	Title
Lisa Allen	Interim Superintendent
Mary Hardin-Young	Interim Deputy Superintendent
Brian Heap	Chief Communications Officer
Janea Marking	Chief Business and Operations Officer
Cancy McArn	Chief Human Resources Officer
Rodney Moore	Chief Legal Counsel
Tim Rocco	Chief Information Officer
Yvonne Wright	Chief Academic Officer

Lisa Allen – *Interim Superintendent*. Ms. Allen has served as the Interim Superintendent of the District since July 7, 2023 and previously served as the Deputy Superintendent of the District since 2017. Prior to serving as Deputy Superintendent, Ms. Allen served as the Interim Chief of Schools, Assistant Superintendent of Accountability and Administrator of Curriculum and Professional Development; and Director of Multilingual/Multicultural, Equity, Access and Achievement. She also previously held the position of Private School Specialist for 10 years. Ms. Allen earned a Bachelor of Science in Elementary Education from Indiana State University and her Masters of Art in Educational Leadership from California State University, Sacramento. She also holds professional licenses in both Indiana and California; a Professional Clear Administrative Credential and Professional Clear Multiple Subjects Teaching Credential.

Employees and Labor Relations

The District employs approximately 2,263 full-time equivalent ("FTE") certificated academic professionals, approximately 1,445 FTE classified employees, and approximately 342 FTE management employees.

The certificated employees of the District have assigned the SCTA as their exclusive bargaining agent. The contract between the District and SCTA expires on June 30, 2025.

Certain District service employees have assigned SEIU as their exclusive bargaining agent. The contract between the District and the SEIU expires on June 30, 2025.

Certain classified employees have assigned Teamsters Classified Supervisor ("TCS"), as their exclusive bargaining agent. The contract between the District and TCS expires on June 30, 2026 and includes re-openers for, *inter alia*, compensation for fiscal years 2023-24 through 2025-26.

Certain employees, including school site principals, assistant principals and coordinators, have assigned United Professional Educators ("UPE") as their exclusive bargaining agent. The contract between the District and UPE expires on June 30, 2026 and includes re-openers for, *inter alia*, salary and health benefits for fiscal years 2023-24 through 2025-26.

The District's food process workers, warehouseman and helpers have assigned Teamster Union, Local 150 ("Teamsters") as their exclusive bargaining agent. The contract between the District and the

Teamsters expires on June 30, 2026 and includes re-openers for, *inter alia*, compensation. By operation of law, the parties are operating under the expired contract until a new contract is executed and delivered.

Labor Strike. On March 23, 2022, both SCTA and SEIU elected to go on strike. On April 3, 2022, the District reached tentative agreements with SCTA and SEIU to end the strike, and District schools opened for instruction the following day. During the pendency of the strike, the District was required to close all of its schools for eight days of instruction. As a result, the District fell short of State-mandated minimums regarding instructional days and minutes and was subject to fiscal penalties of approximately $47 million (as well as cost savings of approximately $8.4 million). The District is currently working with its bargaining units to restore as many days and minutes as possible, however no representation can be made that this effort will be successful. In addition, the District may apply for a waiver from the State from the potential penalties associated with any lost instruction time once negotiations are completed, however no assurance can be made that such a waiver will be granted. Pursuant to applicable audit guidance, the District has recognized this potential liability in its estimated actuals for fiscal year 2021-22. See also "DISTRICT FINANCIAL INFORMATION – District Budgeting and County Oversight – Recent Financial Trends."

In connection with ending the labor strike, the District agreed to memoranda of understanding (the "MOUs") with SCTA and SEIU which extend the certificated and classified collective bargaining agreements through June 30, 2023. Among other things, the MOUs provide for (1) a 4% ongoing general salary increase, (2) one-time, off schedule stipends for fiscal years 2019-20 through 2021-22, (3) a 25% increase to the pay rate for substitute teachers for fiscal year 2021-22, and (4) various other stipends, pay rate adjustments, additional paid sick leave and additional professional development days. The agreements allowed for reopeners of salaries in fiscal year 2022-23 and beyond. The agreements were approved by the Board on April 21, 2022. In connection therewith, the Board was presented with revised revenue projections showing the impact of these labor agreements on the District's operating budget. The financial impact of these agreements has been reflected in the subsequent District budgets. See also "DISTRICT FINANCIAL INFORMATION – District Budgeting and County Oversight."

District Retirement Systems

The information set forth below regarding the District's retirement programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions and employer contributions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. For fiscal year 2023-24, the District is currently required by such statutes to contribute 19.10% of eligible salary expenditures, while participants contribute either 10.25% or 10.205% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 10.328% of teacher payroll for fiscal year 2023-24. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution that will vary from year-to-year based on statutory criteria.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 ("AB 1469") which implemented a new funding strategy for STRS, increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% in fiscal year 2015-16 and will continue to increase annually as further described below. Teacher contributions also increased from 8.00% to a total of 10.25% of pay, over the three year period from 2014-15 through 2017-18. The State's total contribution also increased from approximately 3% in fiscal year 2013-14 to 6.30% of payroll in fiscal year 2016-17, plus the continued payment of 2.5% of payroll annually for a supplemental inflation protection program for a total of 8.80%. In addition, AB 1469 provides the State Teachers Retirement Board with authority to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter to eliminate the STRS unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 by June 30, 2046, which is premised upon an actuarially assumed earnings rate of 7.00%. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

Pursuant to AB 1469, school districts' employer contribution rates increased over a seven-year phase-in period beginning in fiscal year 2014-15 through fiscal year 2019-20 when employer contribution rates reached 16.15% (including certain reductions in the contribution rate for supplemental payments made by the State in fiscal years 2019-20 and 2020-21.)

Subsequent to the increases to the school district's contribution rates to STRS, AB 1469 requires that for fiscal year 2021-22 and each fiscal year thereafter, STRS adjust the school district's contribution rate to reflect the rate required to eliminate the unfunded liability by July 1, 2046. The 2020-21 State Budget applied certain funds in fiscal year 2020-21 intended under the 2019-20 State Budget to reduce future obligations to STRS to the school districts' then current obligations to STRS to reduce the school district's contribution rates to STRS in fiscal year 2020-21 from 18.41% to approximately 16.15% and in fiscal year 2021-22 from 17.9% to 16.02%.

The District contributed $35,911,088 to STRS for fiscal year 2018-19, $36,383,635 for fiscal year 2019-20, $34,403,690 for fiscal year 2020-21 and $40,279,774 for fiscal year 2021-22. Such contributions were equal to 100% of the required contributions for the respective years. The District contributed $60,786,520 (unaudited) to STRS for fiscal year 2022-23 and has budgeted a contribution of $67,824,291 to STRS for fiscal year 2023-24. With the implementation of AB 1469, the District anticipates that its contributions to STRS will increase in future fiscal years as compared to prior fiscal years. The District, nonetheless, is unable to predict all factors or any changes in law that could affect its required contributions to STRS in future fiscal years.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Law. The District is currently required to contribute to PERS at an actuarially determined rate, which is 26.68% of eligible salary expenditures for fiscal year 2023-24, while participants enrolled in PERS (prior to January 1, 2013) contribute 7% of their respective salaries, and those enrolled subsequent to January 1, 2013 contribute 8.00%. See –"California Public Employees' Pension Reform Act of 2013" below.

On April 19, 2017, the Board of Administration of PERS ("PERS Board") adopted new contribution rates for school districts. The revised contribution rates are, as were the previous contribution rates, based on certain demographic assumptions adopted by the PERS Board in February 2014 which took into account longer life spans of public employees from previous assumptions. Such demographic assumptions generally increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and were phased in over three years beginning in fiscal year 2014-15 for the State and amortized over 20 years and phased in over five years beginning in fiscal year 2016-17 for the employers. PERS estimated that the new demographic assumptions would cost public agency employers up to an additional 5% of payroll for miscellaneous employees at the end of the five-year phase in period. To the extent, however, that current and future experiences differ from PERS' assumptions, the required employer contributions may vary. The 2017-18 contribution rate also took into account increased payroll over 2016-17, a lowered discount rate (which was approved in December 2016) as well as lower than predicted investment returns in prior years. As a result of payments to be made by the State as part of the 2019-20 State Budget, the estimated future employer contribution rates to PERS were again revised downward for fiscal years 2019-20 through 2025-26 but remain subject to annual adoption by the PERS Board. See "DISTRICT FINANCIAL INFORMATION- State Funding of Education" herein.

On April 18, 2022, the PERS Board set the fiscal year 2022-23 employer contribution rate at 25.37%. The PERS Board also approved an increase in the employee contribution rate for members subject to the Reform Act (defined below) from 7.00% of earnings to 8.00% of earnings for fiscal year 2022-23. From the Basic Financial Statements issued on November 15, 2022, PERS reported a negative 7.5% net return on investments for fiscal year 2021-22, which is PERS' first negative return on investments since fiscal year 2008-09. The negative 7.5% net return on investments is less than the assumed annual rate of return on investments of 6.80%. Most recently, on April 17, 2023, the PERS Board set the fiscal year 2023-24 employer contribution rate at 26.68% and maintained the employee contribution rate for members subject to the Reform Act (defined below) at 8.00%.

PERS estimates future employer contribution rates as follows:

Fiscal Year	Projected Employer Contribution Rates (PERS Actuarial Report)
2024-25	27.70%
2025-26	28.30
2026-27	28.70
2027-28	30.00
2028-29	29.80

The projected rates reflect the preliminary investment loss for fiscal year 2021-22 described above. Projected rates also reflect the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers.

The District contributed $13,259,325 to PERS for fiscal year 2018-19, $13,529,537 for fiscal year 2019-20, $13,762,087 for fiscal year 2020-21 and $16,163,003 for fiscal year 2021-22, which amounts equaled 100% of required contributions to PERS. The District contributed $16,230,756 (unaudited) to PERS for fiscal year 2022-23 and has budgeted a contribution of $20,884,189 to PERS for fiscal year 2023-24.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for PERS and STRS as of July 1, 2022.

FUNDED STATUS
STRS (DEFINED BENEFIT PROGRAM) and PERS
Actuarial Valuation
(Dollar Amounts in Millions) [(1)]

Plan	Accrued Liability	Market Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	$ 116,982	$ 79,8736	$ (37,596)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	346,089	283,340	(80,803)

(1) Amounts may not add due to rounding.
Source*: PERS State & Schools Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.*

Unlike PERS, STRS contribution rates for participant employers, employees hired prior to the Implementation Date (defined herein) and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. As a result of the Reform Act (defined below), the contribution rate for STRS participants hired after the Implementation Date will vary from year-to-year based on actuarial valuations. See " – California Public Employees' Pension Reform Act of 2013" below. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. AB 1469 is intended to address this unfunded liability. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employee's Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled to for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (currently 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for members not participating in social security, while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's proportionate shares of the net pension liability of STRS and PERS, as of June 30, 2022, are as shown in the following table.

Pension Plan	Proportionate Share of Net Pension Liability
STRS	$153,342,000
PERS	93,712,000
Total	$246,054,000

Source*: The District.*

For further information about the District's contributions to STRS and PERS, see Notes 8 and 9 in the District's audited financial statements for fiscal year ended June 30, 2022 attached hereto as APPENDIX B.

School districts' retirement contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot determine whether current or future financial market losses and/or volatility might impact the value of investments held by either STRS or PERS to fund retirement benefits or whether the District's contribution rates to STRS or PERS might increase in the future as a result of factors outside of its control including, but not limited to, any declines in the value of investments in response to financial market conditions and the impact of retirees living longer than actuarial assumptions.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.* The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. In June 2015, GASB replaced Statement

No. 45 with Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which the District implemented in fiscal year 2017-18.

Employees who are eligible to receive retiree employment benefits other than pensions ("Health & Welfare Benefits") while in retirement must meet specific criteria, *i.e.*, age and years with the District. Contribution requirements are established and may be amended by agreement between the District and each of its bargaining units.

The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program ("CERBT") to prefund the costs of its Health & Welfare Benefits. The funds in the CERBT are held in trust and will be administered by PERS as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board. As of the June 30, 2021 valuation, 3,098 retirees and their beneficiaries were receiving Health & Welfare Benefits with 4,089 employees earning service credit towards eligibility.

Expenditures for Health & Welfare Benefits are recognized each pay period at a rate that approximates the amount of premiums paid. During fiscal year 2021-22, the District contributed $26,713,074 towards Health & Welfare Benefits, estimates a contribution of $20,768,009 for fiscal year 2022-23 and has budgeted a contribution of $23,141,488 for fiscal year 2023-24.

The following table shows the changes in the District's net Health and Welfare Benefits as of June 30, 2022.

	Total OPEB Liability	**Total Fiduciary Net Position**	**Net OPEB Liability**
Balance at June 30, 2021	$415,066,116	$97,327,847	$317,738,269
Service Cost	8,647,600	--	8,647,600
Interest	28,912,863	--	28,912,863
Actuarial Experience	--	19,605,182	(19,605,182)
Assumption Changes	10,859,088	--	10,859,088
Employer Contributions	--	31,199,420	(31,199,420)
Interest Income	--	7,156,542	(7,156,542)
Administrative Expense	--	(36,839)	36,839
Benefit payments	(21,345,655)	(21,345,655	--
Net Change	27,073,896	36,578,650	(9,504,754)
Balance at June 30, 2022	$442,140,012	$133,906,497	$308,233,515

Source: *The District*.

Risk Management

The District is exposed to various risks of loss related to tortious liability, theft, damage or destruction of assets, errors or omissions, employee injuries or natural disasters.

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. SIA enters into insurance agreements, on behalf of its member school districts for coverage above self-insured retention layers. 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. The relationship between the District and SIA is such that SIA is not a component unit of the District for financial reporting purposes.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker's compensation as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, The District believes that the recorded liabilities for self-insured claims are adequate.

District Debt Structure

Long-Term Debt. A schedule of the District's changes in long-term debt for the year ended June 30, 2022 is shown below:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Long-Term Debt

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Debt:					
General obligation bonds	$436,422,966	$110,455,000	$ 77,615,000	$ 469,262,966	$ 18,680,000
Accreted interest	22,869,400	2,312,750	--	25,182,150	--
Lease Revenue Bonds	57,855,000	--	2,825,000	55,030,000	2,970,000
Premium on issuance	30,500,244	16,141,944	6,625,463	40,016,725	3,095,555
Other Long-Term Liabilities:					
Net Pension Liability	510,272,000	--	263,218,000	247,054,000	--
Net OPEB liability	317,738,269	--	9,504,754	308,233,515	--
Compensated absences	5,328,863	196,469	--	5,525,332	5,525,332
Total	$1,380,986,742	$129,106,163	$359,788,217	$1,150,304,688	$30,270,887

Source: *The District.*

General Obligation Bonds

On October 19, 1999, voters in the District approved by a two-thirds vote a bond measure authorizing the District to issue $195,000,000 in general obligation bonds (the "1999 Authorization"). Pursuant to the 1999 Authorization, the District issued, or caused to be issued, its $50,000,000 General Obligation Bonds, Election of 1999, Series A (the "Series 2000 Bonds"), its $45,000,000 General Obligation Bonds, Election of 1999, Series B (the "Series 2001 Bonds"), its $45,000,000 General Obligation Bonds, Election of 1999, Series C (the "Series 2002 Bonds"), and its $55,000,000 General Obligation Bonds, Election of 1999, Series D (2004) (the "Series 2004 Bonds"). No general obligation bonds remain for issuance under the 1999 Authorization.

On November 5, 2002, voters in the District approved by 55% or more a bond measure authorizing the District to issue $225,000,000 aggregate principal amount of general obligation bonds (the "2002 Authorization"). Pursuant to the 2002 Authorization, the District issued its $80,000,000 General Obligation Bonds Election of 2002, Series A (the "Series 2003 Bonds"), its $80,000,000 General Obligation Bonds Election of 2002, Series 2005 (the "Series 2005 Bonds"), and its $64,997,966.35 General Obligation Bonds Election of 2002, Series 2007 (the "Series 2007 Bonds"). Substantially no general obligation bonds remain for issuance under the 2002 Authorization.

On November 6, 2012, voters in the District approved by 55% or more two bond measures known as "Measure Q" and "Measure R." Measure Q authorized the District to issue $346,000,000 aggregate principal amount of general obligation bonds, and Measure R authorized the District to issue $68,000,000 principal amount of general obligation bonds. The District issued its $30,000,000 General Obligation

Bonds (Measures Q and R) Election of 2012, 2013 Series A (Tax-Exempt) (the "2013 Series A Bonds") and $40,000,000 General Obligation Bonds (Measures Q and R) Election of 2012, 2013 Series B (Qualified School Construction Bonds) Taxable, its $66,260,000 General Obligation Bonds (Measure Q) (Election of 2012) 2015 Series C-1 (Tax-Exempt) (the "2015 Series C Bonds") and $23,740,000 General Obligation Bonds (Measure Q) (Election of 2012) 2015 Series C-2 (Taxable), $14,000,000 General Obligation Bonds Election of 2012 (Measure Q) 2016 Series D (the "2016 Series D Bonds"), $112,000,000 General Obligation Bonds Election of 2012 (Measure Q), 2017 Series E (the "2017 Series E Bonds"), $10,000,000 General Obligation Bonds Election of 2012 (Measure R), 2017 Series C (the "2017 Series C Bonds"), $10,000,000 General Obligation Bonds Election of 2012 (Measure Q) 2018 Series F, $30,900,000 General Obligation Bonds Election of 2012 (Measure R), 2019 Series D (the "2019 Series D Bonds") and $77,100,000 General Obligation Bonds Election of 2012 (Measure Q), 2021 Series G (the "2021 Series G Bonds"). No general obligation bonds remain for issuance under Measure R or Measure Q.

In March, 2020, the District received authorization from 55% or more of eligible voters in the District to issue $750,000,000 aggregate principal amount of general obligation bonds (the "2020 Authorization"). The District issued its $225,000,000 General Obligation Bond, Election of 2020 (Measure H) 2022 Series A (the "2022 Series A Bonds") under the 2020 Authorization. $525,000,000 aggregate principal amount of general obligations bonds remains for issuance under the 2020 Authorization.

The District also issued its 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds") to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds and its General Obligation Refunding Bonds, Series 2001; its 2012 General Obligation Refunding Bonds to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds, the Series 2004 Bonds, the General Obligation Refunding Bonds, Series 2001 and the Series 2003 Bonds; its 2014 General Obligation Refunding Bonds to refund a portion of the Series 2005 Bonds; its 2015 General Obligation Refunding Bonds (the "2015 Refunding Bonds") to refund the remaining outstanding Series 2005 Bonds and a portion of the outstanding Series 2007 Bonds; its 2021 General Obligation Refunding Bonds to refund the 2011 Refunding Bonds and its 2022 General Obligation Refunding Bonds to refund the 2012 General Obligation Refunding Bonds.

The District intends to apply the net proceeds of the Series A Bonds to refund the Refunded Bonds and the net proceeds of the Target Refunding Bonds to purchase and defease certain maturities of the 2015 Refunding Bonds, the 2015 Series C-1 Bonds, the 2016 Series D Bonds, the 2017 Series C Bonds, the 2017 Series E Bonds, the 2019 Series D Bonds and the 2022 Series A Bonds.

The table below provides the amount of general obligation bonds issued, outstanding and remaining for issuance for each of the District's outstanding authorizations.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Outstanding General Obligation Bond Authorizations[1]

Authorization	Issued	Remaining for Issuance
October 19, 1999	$195,000,000.00	$ 0.00
November 5, 2002	224,997,966.35	2,033.65
November 6, 2012	346,000,000.00	0.00
November 6, 2012	68,000,000.00	0.00
March 3, 2020	225,000,000.00	525,000,000.00

[1] Prior to the issuance of the Bonds.

Certificates of Participation

In February, 2014, Sacramento City Schools Joint Powers Financing Authority, a joint powers authority (the "Authority") issued its $44,825,000 Lease Revenue Refunding Bonds, 2014 Series A and its $29,460,000 Lease Revenue Refunding Bonds, 2014 Series B, (collectively, the "Lease Revenue Bonds"), to prepay certain outstanding certificates of participation of the District. The final maturity date for the Lease Revenue Bonds is March 1, 2040.

The tables below sets forth the annual payments of principal and interest with respect to the Lease Revenue Bonds, which are payable from the District's General Fund.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series A

Year ending June 30	Principal	Interest	Total
2024	$ 2,915,000	$ 1,220,000	$ 4,135,000
2025	3,025,000	1,074,250	4,099,250
2026	235,000	923,000	1,158,000
2027	--	911,250	911,250
2028-2032	--	4,556,250	4,556,250
2033-2037	9,650,000	3,861,750	13,511,750
2036-2040	8,575,000	871,500	9,446,500
Total	$24,400,000	$13,418,000	$37,818,000

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series B

Year ending June 30	Principal	Interest	Total
2024	$ 200,000	$1,131,294	$ 1,331,294
2025	240,000	1,123,114	1,363,114
2026	3,215,000	1,113,298	4,328,298
2027	3,635,000	981,805	4,616,805
2028-2032	18,185,000	2,553,816	20,738,816
2033	2,185,000	89,367	2,274,367
Total	$27,660,000	$6,992,694	$34,652,694

Short-Term Debt

As of June 30, 2023, the District did not have any short-term debt outstanding. The District does not expect to issue any tax and revenue anticipation notes in fiscal year 2023-24.

SACRAMENTO COUNTY INVESTMENT POOL

The County Board approved the current County Investment Policy Statement (the "Investment Policy") on December 5, 2023 (see APPENDIX D – "SACRAMENTO COUNTY TREASURY POOL AND INVESTMENT POLICY STATEMENT"). (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.) The Investment Policy applies to all funds managed by the Director of Finance as delegated by the Board including the Investment Pool and various other small non-pooled investment funds. The primary goal is to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to Investment Pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds. The main investing objectives, in order of priority are: Safety, Liquidity and Yield. See APPENDIX D – "SACRAMENTO COUNTY TREASURY POOL AND INVESTMENT POLICY STATEMENT for the most recent report of investments in the Treasury Pool and the County Investment Policy Statement.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 9 months following the end of the District's fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the 2023-24 fiscal year, and to provide notices of the occurrence of certain enumerated events. The District will enter into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Owners of the Bonds. The Annual Report and each notice of enumerated events will be filed by the District with the Electronic Municipal Markets Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in APPENDIX D – "FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Within the last five years, the District failed to timely file notices of ratings changes for certain of the District's general obligation bonds, the Lease Revenue Bonds and an insurer of certain of the District's general obligation bonds. The District also failed to associate the annual report for fiscal year 2020-21 with the CUSIP numbers for the Lease Revenue Bonds. The District has engaged Dale Scott & Company to act as Dissemination Agent with respect to the undertaking to be entered into with respect to the Bonds and to assist the District with compliance with its current and future continuing disclosure obligations.

LEGAL MATTERS

The legal opinion of Dannis Woliver Kelley, Long Beach, California, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the Underwriter of the Bonds without charge, a form of which is attached hereto as APPENDIX A. Dannis Woliver Kelley is also acting as Disclosure Counsel to the District. Nixon Peabody LLP, San Francisco, California, is acting as counsel to the Underwriter. The above professionals will receive compensation contingent upon the sale and delivery of the Bonds.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinion of Bond Counsel, the proposed forms of which are attached hereto as APPENDIX A, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against school and community college districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Resolution and the Act require the County to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The County, on behalf of the District, is thus expected to be in possession of the annual *ad valorem* taxes and certain funds to repay the Bonds and may invest these funds in the County's Investment Pool, as described in APPENDIX E – "SACRAMENTO COUNTY TREASURY POOL AND INVESTMENT POLICY STATEMENT" attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the Owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal of and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in the District's Debt Service Fund where such amounts are invested in the County Investment Pool. Under any such circumstances, there could be delays or reductions in payments on the Bonds.

California Senate Bill 222

Government Code Section 53515, added by SB 222, applicable to general obligations bonds issued after its effective date, removes the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future *ad valorem* property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

TAX MATTERS

The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), of the owners thereof pursuant to section 103 of the Code, (2) will not be included in computing alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on individuals, and (3) will be taken into account in determining adjusted financial statement income for the alternative minimum tax imposed on certain corporations. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California, that interest on the Bonds is exempt from personal income taxes of the State of California. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change. The form of Bond Counsel's anticipated opinion respecting the Bonds are included in APPENDIX A.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate (the "Tax Certificate") of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, if required, the calculation and payment to the United States Treasury of any "arbitrage profits" and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service ("IRS" or the "Service") or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service or the State of California. The Service has an ongoing program of auditing the tax status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the Owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the respective Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Tax Accounting Treatment of Discount and Premium on Certain of the Bonds

The initial public offering price of certain of the Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. The tax rules requiring inclusion in income annually by the holder of a debt instrument having original issue discount of the daily portion of original issue discount for each day during a taxable year in which such holder held such debt instrument is inapplicable to the Bonds. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, and will be added to the holder's basis in the Discount Bond, for federal income tax purposes, on the same terms and conditions as those for other interest on the bonds described above under "TAX MATTERS." Such interest is considered to be accrued in accordance with the constant-yield-to-maturity method over the life of a Discount Bond taking into account the semiannual compounding of accrued interest at the yield to maturity on such Discount Bond, and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial Owner prior to maturity, the amount realized by such Owner in excess of the basis of such Discount Bond in the hands of such Owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial offering price of certain Bonds (the "Premium Bonds"), may be greater than the amount payable on such bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Form of Bond Counsel Opinion. The form of the proposed opinion of Bond Counsel relating to the Bonds is attached to this Official Statement as APPENDIX A.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATINGS

Moody's Investors Service ("Moody's") has assigned its underlying municipal bond rating of "A3" to the Bonds, without regard to the Policy. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal bond insured rating of "AA" (stable outlook) to the Insured Bonds, based upon the expectation that the Insurer will issue and deliver the Policy at Closing. Once issued, such ratings reflect only the views of Moody's and S&P, respectively, and an explanation of the significance of such ratings may be obtained as follows: Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, tel. (212) 553 0300 and S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of respective rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

ESCROW VERIFICATION

The sufficiency of amounts on deposit in the Escrow Fund to pay the redemption price of the Refunded Bonds will be verified by Causey, Demgen & Moore, P.C., certified public accountants (the "Verification Agent"). The Verification Agent will deliver a report to that effect on the date of delivery of the Bonds.

UNDERWRITING

Loop Capital Markets LLC (the "Underwriter") has agreed to purchase the Series A Bonds at the purchase price of $10,197,440.25 (reflecting the principal amount of the Series A Bonds plus an original issue premium in the amount of $1,218,669.00 and less an Underwriter's discount of $41,228.75), at the rates and yields shown on the inside cover pages hereof.

The Underwriter has agreed to purchase the Tender Refunding Bonds at the purchase price of $74,611,487.01 (reflecting the principal amount of the Tender Refunding Bonds plus a net original issue premium in the amount of $8,057,036.90 and less an Underwriter's discount of $250,549.89), at the rates and yields shown on the inside cover pages hereof.

The Underwriter may offer and sell the Bonds to certain dealers and others at yields other than the yields stated on the inside cover pages. The offering prices may be changed from time to time by the Underwriter.

NO LITIGATION

No litigation is pending concerning the validity of the Bonds, and the District's certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

In September, 2023, the District received final notice from the Internal Revenue Service ("IRS") relating to a lien and levy for past due federal taxes in the aggregate amount, at the time of the notice, of approximately $1.6 million, plus interest and penalties. The past due taxes purported to be owed by the District relate to IRS assessments made in 2022 and 2023 for the respective prior tax quarters occurring in 2021 and 2022. The District has the right to proceedings in Tax Court relating to the IRS claim of taxes owed and is currently reviewing the information and considering its options.

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OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. A copy of the Resolution is available upon request from the Sacramento City Unified School District, 5735 47th Avenue, Sacramento, California 95824.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: /s/ Lisa Allen
Interim Superintendent

APPENDIX A

FORM OF BOND COUNSEL OPINION

[Closing date]

Board of Education
Sacramento City Unified School District
5735 47th Avenue
Sacramento, California 95824

FINAL OPINION: $9,020,000 Sacramento City Unified School District (Sacramento County, California) 2024 General Obligation Refunding Bonds, Series A; and $66,805,000 Sacramento City Unified School District (Sacramento County, California) 2024 General Obligation Refunding Bonds, Series B

Members of the Board:

We have acted as bond counsel for the Sacramento City Unified School District (Sacramento County, California) (the "District"), in connection with the issuance by the District of $9,020,000 aggregate principal amount of the District's 2024 General Obligation Refunding Bonds, Series A and $66,805,000 aggregate principal amount of the District's 2024 General Obligation Refunding Bonds, Series B (collectively, the "Bonds"). The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53550), as amended, and that certain resolution adopted by the Board of Education of the District on November 2, 2023 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County of Sacramento as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any effect on the Bonds if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding general obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. Interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended.

4. Interest on the Bonds is exempt from personal income taxes of the State of California.

Bondholders should note that interest on the Bonds is not a preference item for purposes of the alternative minimum tax imposed on individuals but is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on certain corporations. Ownership of tax-exempt obligations such as the Bonds may result in collateral tax consequences. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner of the Bonds or such owner's other items of income or deduction. We express no other opinion with respect to the tax status of the Bonds or any federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

Dannis Woliver Kelley

APPENDIX B

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2022

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2022

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sacramento City Unified School District 's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of June 30, 2022, 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sacramento City Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

(Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 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 on pages 61 to 67 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sacramento City Unified School District 's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022 on our consideration of the Sacramento City Unified School District 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sacramento City Unified School District 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sacramento City Unified School District 's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

Management's Discussion and Analysis

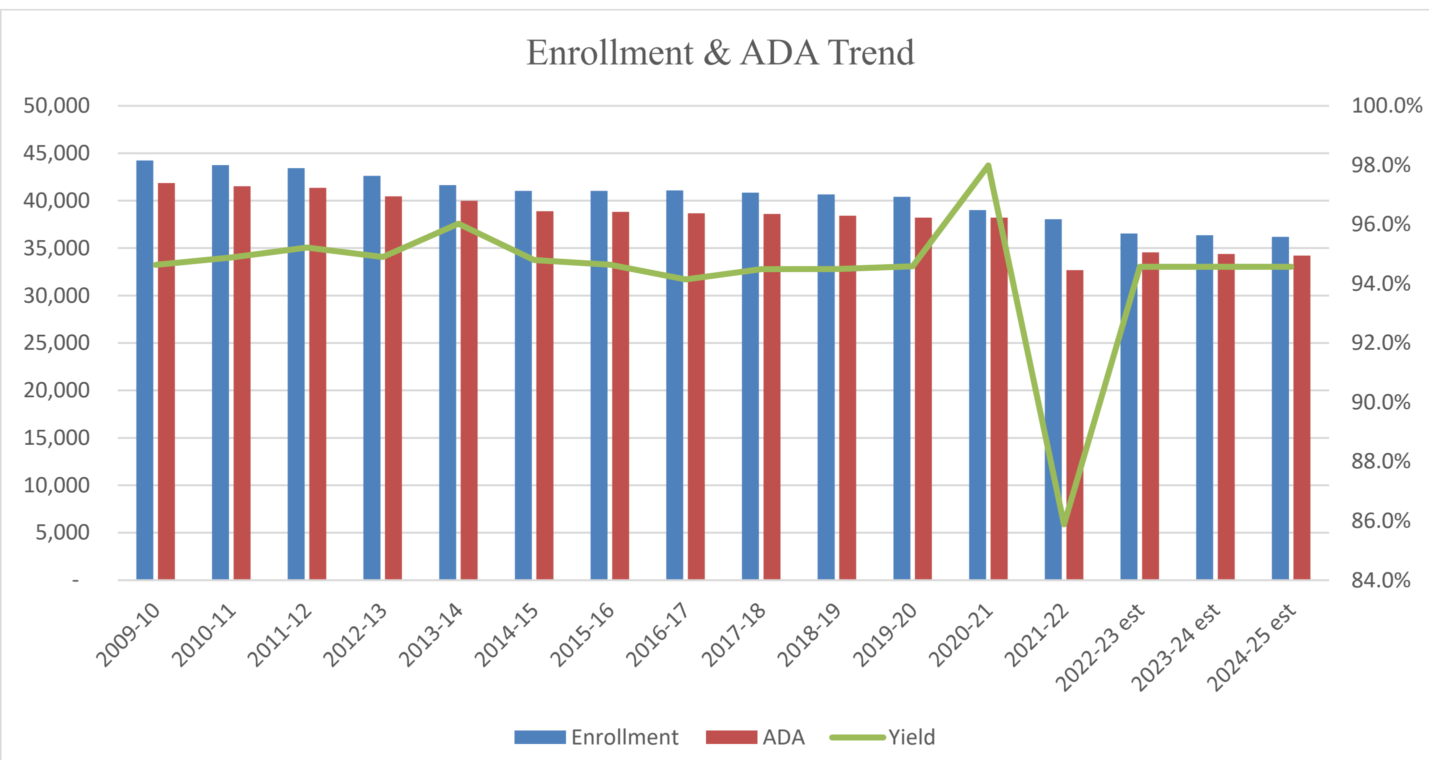
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by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

District Overview

Sacramento City Unified School District (the "District"), located in Sacramento County, is the thirteenth largest school district in California regarding student enrollment. The District provides educational services to the residents in and around Sacramento, the state capital. The District operates under the jurisdiction of the Sacramento County Office of Education, although the District has attained "fiscal accountability" status under California Education Code.

For fiscal year 2021-22, the District operated forty-two elementary schools (grades K-6), seven elementary/middle schools (grades K-8), six middle schools (grades 7-8), two middle/high schools (grades 7-12), seven high schools (grades 9-12), three alternative schools, two special education centers, two adult education centers, fifteen charter schools (including five district operated charter schools), and forty-eight preschool classrooms.

The graph below shows the District's enrollment trend, net of charter school enrollment. The District's enrollment and average daily attendance (ADA) continue to decline year over year. The District is funded based on its ADA, which is tracked daily with staff following up on areas of concern. The District averages approximately 94.5% ADA to enrollment. For the 2021-22 year, state education code allowed school districts to utilize the 2019-20 ADA yield to mitigate the decline in attendance rates as a result of the COVID-19 pandemic.



COVID-19 Impacts

The ongoing COVID-19 pandemic continued to have impacts throughout the 2021-22 fiscal year. This included a significant decline in attendance rates for students as well as staff. Additionally, the pandemic required continued negotiations and bargaining agreements regarding employee safety, work conditions, additional duties and compensation, increases in COVID related sick leave and more. The district also experienced a decline in enrollment from 2020-21 to 2021-22, decreasing from 39,003 to 38,043, or 2.5% decline compared to the district's historical average of .5%. The district has continued to utilize one-time COVID related funding to mitigate the financial and programmatic impacts described above.

Governance

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

Strategic Plan and Guiding Principle

The District's *Strategic Plan 2016-2021* makes a commitment to provide every student with access to opportunities for success. It functions like a blueprint, outlining a vision for our schools in the future and providing the steps necessary to attain the vision. The Strategic Plan also guides the District's Local Control and Accountability Plan, pairing actions with resources.

The District's Mission:

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

The District's Vision:

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

The District's Core Values:

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

The District's Goals:

- College, Career and Life Ready Graduates: Challenge and support all students to actively engage in rigorous and relevant curriculum that prepares them for college, career, and a fulfilling life, regardless of zip code, race/ethnicity, ability, language proficiency, and life circumstance.

- Safe, Emotionally Healthy and Engaged Students: Provide supports and opportunities to ensure that every student succeeds, with safe school environments that foster student engagement, promote daily attendance, and remove barriers to learning.

- Family and Community Empowerment: Commit to a welcoming school environment for our community; recognize and align district partnerships; and provide tools and family empowerment opportunities that are linked to supporting student academic achievement and social emotional competencies in order for families to be equal and active partners in their child's educational success.

- Operational Excellence: Be a service-focused organization. Consistently serve students, families, staff and community with efficient and effective programs, practices, policies and procedures at every point of contact across the district.

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

Overview of the Financial Statements

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

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

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

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

- Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation and administration. State support from the Local Control Funding Formula (LCFF) and categorical apportionments finance most of these activities.

- Business-type activities – The District does not currently have any business-type activities.

These two financial statements start on page 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, 2022	June 30, 2021	Variance	% Diff
Capital Assets	$626,455,604	$644,996,247	($18,540,643)	-3%
Other Assets	497,220,439	374,139,484	123,080,955	33%
Total Assets	1,123,676,043	1,019,135,731	104,540,312	10%
Deferred Outflows of Resources	157,772,361	194,852,094	(37,079,733)	-19%
Current and Other Liabilities	186,148,504	119,959,555	66,188,949	55%
Long-Term Liabilities	1,150,304,688	1,380,986,742	(230,682,054)	-17%
Total Liabilities	1,336,453,192	1,500,946,297	(164,493,105)	-11%
Deferred Inflows of Resources	562,512,156	448,594,060	113,918,096	25%
Net Investment in Capital Assets (net of related debt)	167,912,958	155,836,813	12,076,145	8%
Restricted Net Position	134,049,206	109,386,515	24,662,691	18%
Unrestricted Net Position	(919,479,108)	(1,000,775,860)	81,296,752	8%
Total Net Position	($617,516,944)	($735,552,532)	$118,035,588	16%

At the end of fiscal year 2021-22, the District had a total value of $1,323,124,465 in capital assets. Capital assets include land, buildings, site improvements, equipment and work in progress. Total accumulated depreciation amounted to $696,668,861. Net capital assets totaled $626,455,604, a decrease of $18,540,643 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 $1,336,453,192 in outstanding obligations, which was a decrease of $164,493,105 over the prior year. The primary reason for the decrease in liabilities was a decrease of $263,218,000 in net pension liability.

District-wide Financial Condition (Continued)

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

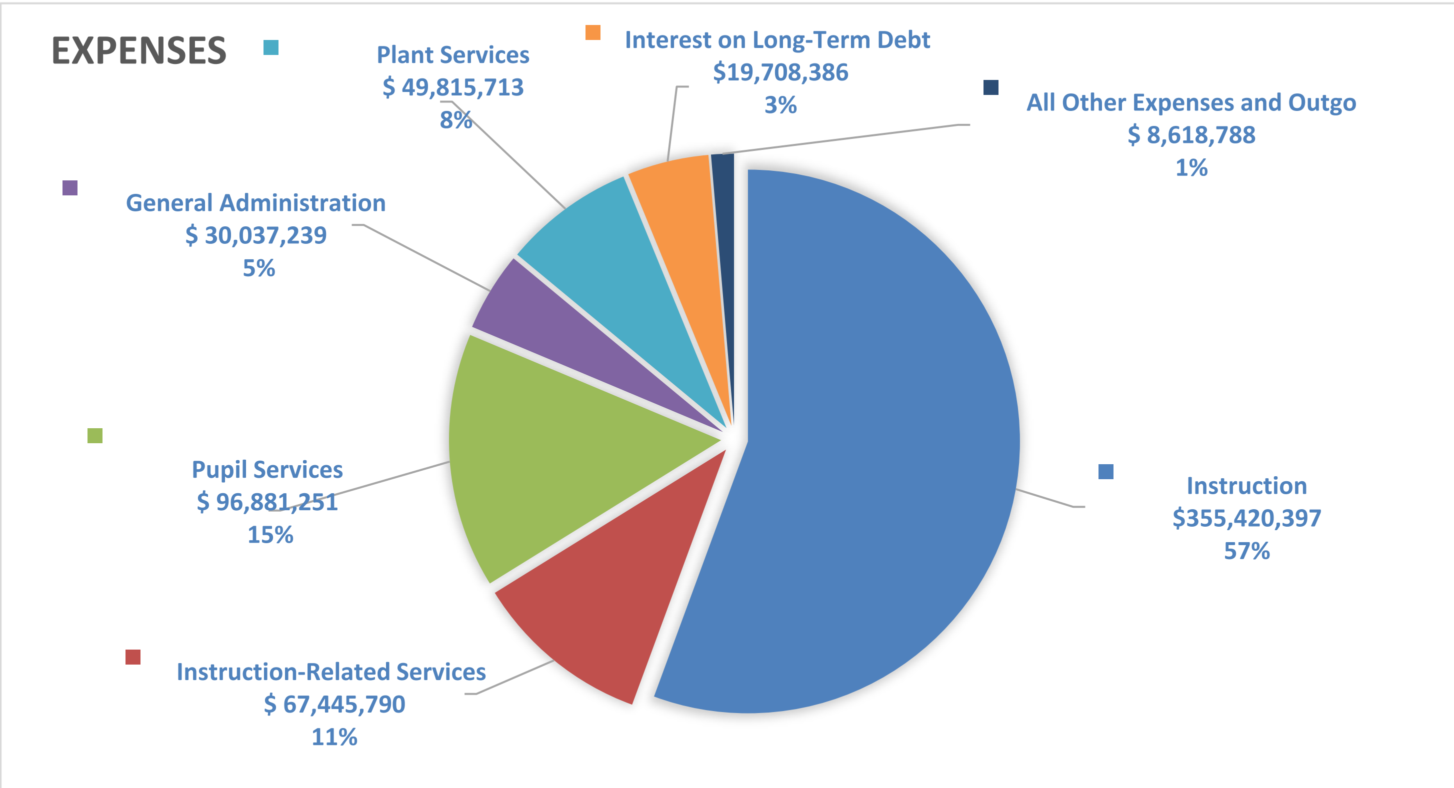
	June 30, 2022	June 30, 2021	Variance	% Diff
Expenses				
Governmental Activities:				
Instruction	$355,420,397	$409,121,389	($53,700,992)	-13%
Instruction-Related Services	67,445,790	69,473,789	(2,027,999)	-3%
Pupil Services	96,881,251	72,086,345	24,794,906	34%
General Administration	30,037,239	40,238,698	(10,201,459)	-25%
Plant Services	49,815,713	56,644,940	(6,829,227)	-12%
Interest on Long-Term Debt	19,708,386	22,287,016	8,621,644	39%
All Other Expenses and Outgo	8,618,788	4,672,295	3,946,493	84%
Total Governmental Activity Expenses	627,927,564	674,524,472	(46,596,908)	-7%

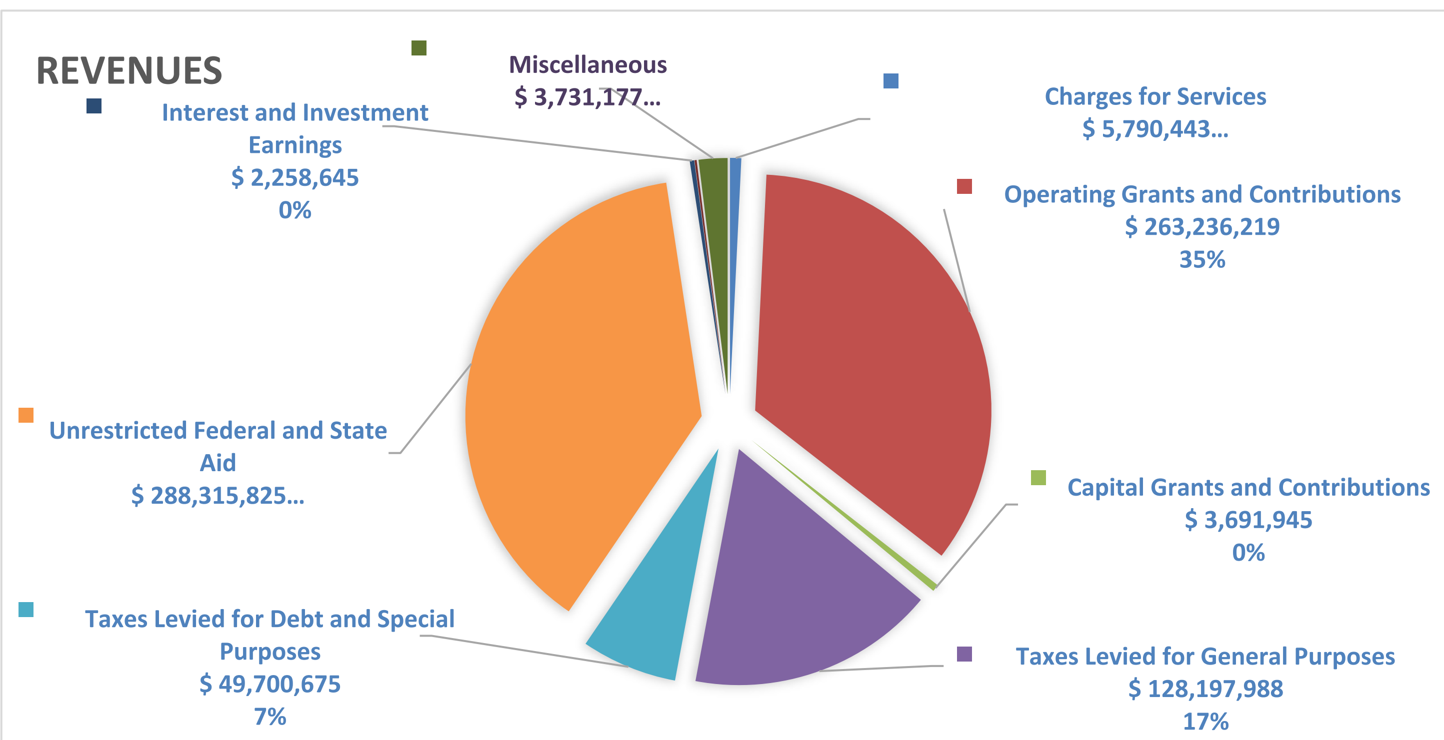
Revenues				
Charges For Services	5,790,443	5,422,128	368,315	7%
Operating Grants and Contributions	263,236,219	258,221,937	5,014,282	2%
Capital Grants and Contributions	3,691,945	1,919,710	1,772,235	92%
Taxes Levied for General Purposes	128,197,988	119,809,569	8,388,419	7%
Taxes Levied for Debt and Special Purposes	49,700,675	49,874,128	(173,453)	0%
Unrestricted Federal and State Aid	288,315,825	320,443,498	(32,127,673)	-10%
Interest and Investment Earnings	2,258,645	2,445,533	(186,888)	-8%
Interagency Revenues	1,048,118	1,951,373	(903,255)	-46%
Special and Extraordinary Items	-	-	-	0%
Miscellaneous	3,731,177	4,673,730	(942,553)	-20%
Total Revenues	745,963,152	764,761,606	(18,798,454)	-3%

Change in Net Position	$118,035,588	$90,237,134	$27,798,454	31%

District-wide Financial Condition (Continued)

The District overall experienced a $118,035,588 increase in net position. Total revenues decreased by 3% or $18,798,454 from the 2020-21 fiscal year primarily due to a decrease in unrestricted federal and state aid. Total expenditures decreased by 7% or $46,596,908 from the 2020-21 fiscal year. The slight decrease in expenditures is primarily due to a decrease in Instruction costs.





Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (such as cafeteria funds) or to show that it is properly using certain revenues (such as community facility funds).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash, and other financial assets that can be readily converted to cash, flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- Proprietary Funds - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. Enterprise funds (one type of proprietary fund) are the same as business-type activities, but provide more detail and additional information, such as cash flows. The District does not currently have any business-type activities. Internal service funds (another type of proprietary fund) are used to report activities that provide 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, 2022:

	Adopted Budget	Year End Budget	Actual
Total Revenues	$559,269,076	$739,275,991	$622,845,963
Total Expenditures	$591,276,906	$726,134,143	$639,401,978
Total Other Financing Sources/(Uses)	$3,350,481	$3,427,016	$502,095

The net revenue increase of $180,006,915 between Adopted Budget and Year End Budget is due to an increase in Federal and State Revenue primarily due to the recognition of COVID related funding sources.

The net increase to the total expenditure budget between Adopted and Year End Budget was $134,857,237, primarily due to budgeting expenditures for COVID related funding sources and the increase in salaries and benefits as a result of bargaining unit settlement agreements.

Actual revenues were $116,430,028, or 15.75% below the Year End Budget, due primarily to changes in the recognition of COVID related funding sources due to less expenditures than projected. Actual expenditures were $86,732,165 or 11.94% below Year End Budget due to one time savings and less COVID funding source expenditures than projected.

The following table summarizes the General Fund financial statements for the year ended June 30, 2022:

Total Revenues	$622,845,963
Total Expenditures	$639,401,978
Total Other Financing Sources/ (Uses)	$502,095
Net Change	($16,053,920)

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 2021-22 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, 2022	June 30, 2021	Difference
Fund 01 General	$109,852,797	$125,906,717	($16,053,920)
Fund 08 Student Activity Fund	$1,447,941	$1,219,952	$227,989
Fund 09 Charter Schools	$9,347,446	$6,381,614	$2,965,832
Fund 11 Adult Education	$1,384,337	$801,095	$583,242
Fund 12 Child Development	$880,662	$413,039	$467,623
Fund 13 Cafeteria	$14,581,388	$16,414,434	($1,833,046)
Fund 21 Building	$104,526,405	$34,418,837	$70,107,568
Fund 25 Developer Fees	$23,726,622	$19,607,667	$4,118,955
Fund 35 County School Facilities Fund	$4,891	$418	$4,473
Fund 49 Community Facilities	$1,113,186	$1,106,162	$7,024
Fund 51 Bond Interest and Redemption	$36,744,469	$40,845,636	($4,101,167)
Fund 61 Cafeteria Enterprise Fund	$5,752	$0	$5,752
Fund 67 Self Insurance	$12,847,529	$12,632,456	$215,297

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, 2022

Measure Q Total	$11,151,525
● Program Management Expenditures	$ 1,522,713
● Completed Project Expenditures:	
▪ Modernization, Repair & Upgrades	$ 2,691,031
▪ Technology Upgrades	$ 6,686
● In Progress Project Expenditures:	
▪ Modernization, Repair & Upgrades	$ 5,783,540
● Debt issuance expenditures	$1,147,555
Measure R Total	$ 474,036
● Program Management Expenditures	$ 103,982
● In Progress Project Expenditures:	
○ Hiram Johnson Stadium	$ 351,602
● Completed Project Expenditures:	
▪ Nutrition Services Center	$ 18,452

Summary of Future Projects as of June 30, 2022

Project Year(s)	Projects	Estimated Budget
Measure Q Total		$ 100,800,000
2022-2024	Core Academic Renovation	$ 16,988,613
2022-2024	District Wide Fire & Irrigation Improvements	$ 3,060,000
2022-2024	Modernization, Repair, and Upgrade Projects	$ 75,848,037
2022-2024	Resource & Energy Conservation Improvement Projects	$ 2,353,350
2022-2024	Program Management	$ 2,550,000
Measure R Total		$ 800,000
2022-2024	Athletic Improvements	$ 800,000

Measure H Total		$ 224,472,460
2022-2025	Academic and Safety Equal Access – New Construction and Major Modernization	$147,000,000
2022-2025	School and Classroom Improvements – Campus Renewal / Furniture Replacement / Sustainability/Energy Reduction	$ 64,375,000
2022-2025	Safety and Security Improvements – Safety / Path of Travel Remediation	$ 5,000,000
2022-2025	PE and Athletic Programs - Playground Structures	$ 5,000,000
2022-2025	Program Management	$ 3,097,460

District Indebtedness

As of June 30, 2022, the District has incurred $1,150,304,688 in long-term liabilities. Of this amount, $469,262,966 are General Obligation Bonds and $25,182,150 are Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002 and 2012. Additionally, $55,030,000 is Lease Revenue Bonds, backed by Developer Fees and Mello-Roos Community Facilities funds

The District continues to provide lifetime health benefits to eligible retirees. The recognized net OPEB liability decreased by $9,504,754 from $317,738,269 to $ 308,233,515 due to sustained contributions to the District's OPEB trust. Continued contributions at the Actuarially Determined Contribution level have resulted in an improved (higher) discount rate assumed for the actuarial report.

Financial Outlook

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.

The District's 2022-23 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and two subsequent years. The District has taken measures to reduce expenditures and increase reserves over the last few fiscal years, including one-time savings as a result of the COVID-19 pandemic. The District has also passed two Fiscal Recovery Plans, one on February 4, 2021 and the second on December 17, 2021 to help address the District's ongoing structural deficit. As of the 2022-23 First interim report the District is projected to have positive cash balances at June 30 for all three fiscal years 2022-23, 2023-2024 and 2024-2025. The District continues to work with its labor partners, community stakeholders, the Sacramento County Office of Education and assigned fiscal advisor to maintain fiscal stability.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	$ 416,761,953	$ 5,917	$ 416,767,870
Receivables	78,906,637	-	78,906,637
Prepaid expenses	20,380	-	20,380
Stores inventory	1,531,469	-	1,531,469
Non-depreciable capital assets (Note 4)	40,643,482	-	40,643,482
Depreciable capital assets, net of accumulated depreciation (Note 4)	585,812,122	-	585,812,122
Total assets	1,123,676,043	5,917	1,123,681,960
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions (Notes 8 and 9)	95,354,777	-	95,354,777
Deferred outflows of resources - OPEB (Note 10)	61,176,944	-	61,176,944
Deferred loss on refunding of debt	1,240,640	-	1,240,640
Total deferred outflows of resources	157,772,361	-	157,772,361
LIABILITIES			
Accounts payable	171,700,536	165	171,700,701
Unpaid claims and claim adjustment expenses (Note 5)	330,273	-	330,273
Unearned revenue	14,117,695	-	14,117,695
Long-term liabilities (Note 6):			
Due within one year	30,270,887	-	30,270,887
Due after one year	1,120,033,801	-	1,120,033,801
Total liabilities	1,336,453,192	165	1,336,453,357
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - OPEB (Note 10)	331,490,156	-	331,490,156
Deferred inflows of resources - pensions (Notes 8 and 9)	231,022,000	-	231,022,000
Total deferred inflows of resources	562,512,156	-	562,512,156
NET POSITION			
Net investment in capital assets	167,912,958	-	167,912,958
Restricted:			
Legally restricted programs	72,460,038	-	72,460,038
Capital projects	24,844,699	-	24,844,699
Debt service	36,744,469	-	36,744,469
Unrestricted	(919,479,108)	5,752	(919,473,356)
Total net position	$ (617,516,944)	$ 5,752	$ (617,511,192)

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	$ 355,420,397	$ 466,213	$ 137,769,967	$ 3,691,945	$ (213,492,272)	$ -	$ (213,492,272)
Instruction-related services:							
Supervision and administration	30,262,665	203,764	24,452,945	-	(5,605,956)	-	(5,605,956)
Library, media and technology	2,525,062	-	588,009	-	(1,937,053)	-	(1,937,053)
School site administration	34,658,063	48,332	6,516,891	-	(28,092,840)	-	(28,092,840)
Pupil services:							
Home-to-school transportation	10,140,372	-	2,621,500	-	(7,518,872)	-	(7,518,872)
Food services	32,442,628	(70,438)	31,581,472	-	(931,594)	-	(931,594)
All other pupil services	54,298,251	715,896	37,492,903	-	(16,089,452)	-	(16,089,452)
General administration:							
Centralized data processing	5,245,901	(1,571)	1,186,558	-	(4,060,914)	-	(4,060,914)
All other general administration	24,791,338	31,580	9,452,883	-	(15,306,875)	-	(15,306,875)
Plant services	49,815,713	561,174	5,377,810	-	(43,876,729)	-	(43,876,729)
Ancillary services	4,428,277	5,983	1,538,556	-	(2,883,738)	-	(2,883,738)
Community services	269,048	-	-	-	(269,048)	-	(269,048)
Enterprise activities	216,782	-	220	-	(216,562)	-	(216,562)
Other outgo	3,704,681	3,829,510	4,656,505	-	4,781,334	-	4,781,334
Interest on long-term liabilities	19,708,386	-	-	-	(19,708,386)	-	(19,708,386)
Total governmental activities	627,927,564	5,790,443	263,236,219	3,691,945	(355,208,957)	-	(355,208,957)
Business-Type activities:							
Enterprise activities	2,122	-	-	-	-	(2,122)	(2,122)
Total governmental and business-type activities	$ 627,929,686	$ 5,790,443	$ 263,236,219	$ 3,691,945	(355,208,957)	(2,122)	(355,211,079)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					128,197,988	-	128,197,988
Taxes levied for debt service					44,609,563	-	44,609,563
Taxes levied for other specific purposes					5,091,112	-	5,091,112
Federal and state aid not restricted to specific purposes					288,315,825	-	288,315,825
Interest and investment earnings (loss)					2,258,645	(9)	2,258,636
Interagency revenues					1,048,118	-	1,048,118
Miscellaneous					3,723,294	7,883	3,731,177
Total general revenues					473,244,545	7,874	473,252,419
Change in net position					118,035,588	5,752	118,041,340
Net position, July 1, 2021					(735,552,532)	-	(735,552,532)
Net position, June 30, 2022					$ (617,516,944)	$ 5,752	$ (617,511,192)

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 205,714,672	$ 20,470,786	$ 48,840,891	$ 41,313,728	$ 316,340,077
Cash in banks	42,883	354,956	-	1,923,639	2,321,478
Cash in revolving fund	225,000	-	-	2,000	227,000
Cash with fiscal agent	-	87,288,005	-	-	87,288,005
Collections awaiting deposit	-	-	-	14,650	14,650
Receivables	32,178,242	72,841	138,303	7,492,989	39,882,375
Due from grantor governments	33,790,821	-	-	5,187,834	38,978,655
Due from other funds	2,946,568	22,304	-	2,928,182	5,897,054
Prepaid expenditures	16,100	-	-	4,280	20,380
Stores inventory	105,262	-	-	1,426,207	1,531,469
Total assets	$ 275,019,548	$ 108,208,892	$ 48,979,194	$ 60,293,509	$ 492,501,143
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 81,311,912	$ 3,682,487	$ 12,234,725	$ 1,612,947	$ 98,842,071
Due to grantor governments	65,820,039	-	-	1,649,951	67,469,990
Unearned revenue	13,077,997	-	-	1,039,698	14,117,695
Due to other funds	4,956,803	-	-	3,504,440	8,461,243
Total liabilities	165,166,751	3,682,487	12,234,725	7,807,036	188,890,999
Fund balances:					
Nonspendable	346,362	-	-	1,432,487	1,778,849
Restricted	44,818,264	104,526,405	36,744,469	51,053,986	237,143,124
Assigned	15,891,754	-	-	-	15,891,754
Unassigned	48,796,417	-	-	-	48,796,417
Total fund balances	109,852,797	104,526,405	36,744,469	52,486,473	303,610,144
Total liabilities and fund balances	$ 275,019,548	$ 108,208,892	$ 48,979,194	$ 60,293,509	$ 492,501,143

See accompanying notes to the financial statements.

Total fund balances - Governmental Funds		$ 303,610,144
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 $1,323,124,465 and the accumulated depreciation is $696,668,861 (Note 4).		626,455,604
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, 2022 consisted of (Note 6):		
General Obligation Bonds	$ (469,262,966)	
Accreted interest	(25,182,150)	
Lease Revenue Bonds	(55,030,000)	
Premium on issuance	(40,016,725)	
Net pension liability (Notes 8 and 9)	(247,054,000)	
Net OPEB liability (Note 10)	(308,233,515)	
Compensated absences	(5,525,332)	
		(1,150,304,688)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position of the Self-Insurance Fund is:		12,847,529
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:		(5,385,738)
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.		1,240,640
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	61,176,944	
Deferred inflows of resources relating to OPEB	(331,490,156)	
		(270,313,212)
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	95,354,777	
Deferred inflows of resources relating to pensions	(231,022,000)	(135,667,223)
Total net position - governmental activities		$ (617,516,944)

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, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local control funding formula (LCFF):					
State apportionment	$ 276,528,575	$ -	$ -	$ 16,622,320	$ 293,150,895
Local sources	114,895,574	-	-	-	114,895,574
Total LCFF	391,424,149	-	-	16,622,320	408,046,469
Federal sources	120,733,568	-	-	36,791,987	157,525,555
Other state sources	104,713,852	-	300,894	16,272,451	121,287,197
Other local sources	5,974,394	242,171	46,144,802	14,461,823	66,823,190
Total revenues	622,845,963	242,171	46,445,696	84,148,581	753,682,411
Expenditures:					
Current:					
Certificated salaries	237,235,646	-	-	14,728,357	251,964,003
Classified salaries	76,904,101	595,674	-	13,503,026	91,002,801
Employee benefits	185,060,292	345,063	-	19,051,682	204,457,037
Books and supplies	26,193,255	8,519	-	14,879,399	41,081,173
Contract services and operating expenditures	103,385,895	2,227,633	-	4,758,527	110,372,055
Other outgo	1,473,819	-	-	-	1,473,819
Capital outlay	9,148,969	8,892,742	-	1,033,527	19,075,238
Debt service:					
Principal retirement	-	-	40,800,000	2,825,000	43,625,000
Interest	-	-	21,139,437	2,637,404	23,776,841
Total expenditures	639,401,977	12,069,631	61,939,437	73,416,922	786,827,967
(Deficiency) excess of revenues (under) over expenditures	(16,556,014)	(11,827,460)	(15,493,741)	10,731,659	(33,145,556)
Other financing sources (uses):					
Transfers in	3,162,296	3,687,472	-	2,660,202	9,509,970
Transfers out	(2,660,202)	-	-	(6,849,768)	(9,509,970)
Proceeds from the sale of bonds	-	110,455,000	-	-	110,455,000
Deposit to escrow fund for refunding		(36,956,815)	-	-	(36,956,815)
Premiums from issuance of bonds	-	4,749,370	11,392,574	-	16,141,944
Total other financing sources (uses)	502,094	81,935,027	11,392,574	(4,189,566)	89,640,129
Change in fund balances	(16,053,920)	70,107,567	(4,101,167)	6,542,093	56,494,573
Fund balances, July 1, 2021	125,906,717	34,418,838	40,845,636	45,944,380	247,115,571
Fund balances, June 30, 2022	$ 109,852,797	$ 104,526,405	$ 36,744,469	$ 52,486,473	$ 303,610,144

See accompanying notes to the financial statements.

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, 2022

Net change in fund balances - Total Governmental Funds	$ 56,494,573
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).	19,083,643
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(37,571,451)
In the governmental funds, the entire proceeds (loss) from the of capital assets is reported as revenue (loss). In the statement of activities, only the resulting gain or loss is reported (Note 4)	(52,835)
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 6).	(110,455,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	43,625,000
Payments made to the refunding escrow is an other financing use in governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	36,815,000
Accreted interest is an expense that is not recorded in the governmental funds (Note 6).	(2,312,750)
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).	(9,516,481)
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:	(357,194)
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.	182,360

(Continued)

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:	$ 215,073
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):	44,213,000
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).	(196,469)
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).	77,869,119
Change in net position of governmental activities	$ 118,035,588

	Business-Type Activities Cafeteria Enterprise Fund	Governmental Activities Self Insurance Fund
ASSETS		
Current assets:		
Cash and investments:		
Cash in County Treasury	$ (1,114)	$ 10,319,957
Cash in banks	7,031	786
Cash with fiscal agent	-	250,000
Receivables	-	45,607
Due from other funds	-	2,569,034
Total current assets	5,917	13,185,384
LIABILITIES		
Current liabilities:		
Accounts payable	165	2,737
Due to other funds	-	4,845
Unpaid claims and claim adjustment expenses	-	330,273
Total current liabilities	165	337,855
NET POSITION		
Unrestricted	$ 5,752	$ 12,847,529

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, 2022

	Business-Type Activities Cafeteria Enterprise Fund	Governmental Activities Self Insurance Fund
Operating revenues:		
Self insurance premiums	$ -	$ 14,182,526
Other state revenue	-	65
Other local revenue	12,723	-
Total operating revenues	12,723	14,182,591
Operating expenses:		
Classified salaries	5,612	355,089
Employee benefits	498	211,459
Books and supplies	355	26,014
Contract services	497	767
Provision for claims and claim adjustment expenses	-	13,431,429
Total operating expenses	6,962	14,024,758
Net operating income	5,761	157,833
Non-operating income:		
Interest (loss) income	(9)	57,240
Change in net position	5,752	215,073
Total net position, July 1, 2021	-	12,632,456
Total net position, June 30, 2022	$ 5,752	$ 12,847,529

See accompanying notes to the financial statements.

	Business-Type Activities Cafeteria Enterprise Fund	Governmental Activities Self Insurance Fund
Cash flows provided by (used in) operating activities:		
Cash received from self-insurance premiums and other revenue	$ 12,723	$ 16,440,276
Cash paid for employee benefits	(6,110)	-
Cash paid for claims	-	(13,559,589)
Cash paid for other expenses	(687)	(4,014,755)
Net cash provided by (used in) operating activities	5,926	(1,134,068)
Cash flows (used in) provided by investing activities:		
Interest income received	(9)	57,240
Change in cash and investments	5,917	(1,076,828)
Cash and investments, July 1, 2021	-	11,647,571
Cash and investments, June 30, 2022	$ 5,917	$ 10,570,743
Reconciliation of net operating income to net cash provided by (used in) operating activities:		
Net operating income	$ 5,761	$ 157,833
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Decrease (increase) in:		
Receivables	-	2,257,685
Due from other funds	-	(2,568,952)
(Decrease) increase in:		
Unpaid claims and claim adjustment expenses	-	(128,160)
Accounts payable	165	(857,319)
Due to other funds	-	4,845
Total adjustments	165	(1,291,901)
Net cash provided by (used in) operating activities	$ 5,926	$ (1,134,068)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST FUND
June 30, 2022

	Scholarship Trust
ASSETS	
Cash and investments (Note 2)	
Cash on hand and in banks	$ 454,456
NET POSITION	
Restricted for scholarships	$ 454,456

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, 2022

	Scholarship Trust
Additions:	
Other local sources	$ 51,541
Deduction:	
Contract services and operating expenditures	32,486
Change in net position	19,055
Net position, July 1, 2021	435,401
Net position, June 30, 2022	$ 454,456

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)

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, 2022.

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)

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 some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2. Building Fund: The Building Fund is 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)

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, 2022.

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

(Continued)

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.

	STRP	PERF B	Total
Deferred outflows of resources	$ 76,393,774	$ 18,961,003	$ 95,354,777
Deferred inflows of resources	$ 184,309,000	$ 46,713,000	$ 231,022,000
Net pension liability	$ 153,342,000	$ 93,712,000	$ 247,054,000
Pension expense	$ 21,523,128	$ 5,858,087	$ 27,381,215

Compensated Absences: Compensated absences totaling $5,525,332 are recorded as a long-term liability of the District. The liability is for the earned but unused benefits.

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

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

Net Position: Net position is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service repayments represents the portion of net position which the District plans to expend on debt repayment in the ensuing year. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for scholarships represents the portion of net position to be used to provide financial assistance to students of the District. It is the District's policy to first use restricted net position when allowable expenditures are incurred.

3. Unrestricted Net Position – All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C - Committed Fund Balance: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2022, the District had no committed fund balances.

D - Assigned Fund Balance: The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2022, 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, 2022, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

New Accounting Pronouncements: In June 2017, the GASB issued GASB Statement No. 87, Leases. GASB 87 requires the recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lease is required to be recognized as a lease liability and an intangible right to use lease asset and the lessor is required to recognize a lease receivable and deferred inflow of resources. This statement was originally effective for fiscal years beginning after December 15, 2019, but due to the adoption of GASB 95, the implementation date was extended to reporting periods beginning after June 15, 2021. District management performed an analysis and determined that the implementation of GASB 87 did not have a material impact on the District's financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2022 are reported at fair value and consisted of the following:

	Governmental Activities				
	Governmental Funds	Proprietary Fund	Total	Business-Type Activities	Fiduciary Activities
Pooled Funds:					
Cash in County Treasury	$ 316,340,077	$ 10,319,957	$ 326,660,034	$ (1,114)	$ -
Deposits:					
Cash on hand and in banks	2,321,478	786	2,322,264	7,031	454,456
Cash in revolving fund	227,000	-	227,000	-	-
Cash awaiting deposit	14,650	-	14,650	-	-
Total deposits	2,563,128	786	2,563,914	7,031	454,456
Investments:					
Cash with fiscal agent	87,288,005	250,000	87,538,005	-	-
Total cash and investments	$ 406,191,210	$ 10,570,743	$ 416,761,953	$ 5,917	$454,456

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.

(Continued)

NOTE 2 – CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2022, the carrying amount of the District's accounts was $3,025,401 and the bank balance was $2,582,400. $764,976 of the bank balance was FDIC insured and $1,817,424 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, 2022, 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, 2022, the District had no concentration of credit risk.

NOTE 3 – INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual interfund receivable and payable balances at June 30, 2022 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 2,946,568	$ 4,956,803
Building Fund	22,304	-
Non-Major Funds:		
Charter Schools	1,362,003	51,594
Adult Education	328,731	14,722
Child Development	441,071	2,008,357
Cafeteria	216,813	1,276,124
Developer Fees Fund	579,564	153,643
Proprietary Fund:		
Self-Insurance	2,569,034	4,845
Totals	$ 8,466,088	$ 8,466,088

(Continued)

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 2021-2022 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for contribution to support the adult education program.	$	1,578,731
Transfer from the General Fund to the Charter Schools Fund for contribution related to the strike financial penalties.		1,081,471
Transfer from the Charter Schools Fund to the General Fund for Charter fees.		1,946,119
Transfer from the Charter Schools Fund to the General Fund for indirect costs.		13,905
Transfer from the Adult Education Fund to the General Fund for indirect costs.		45,020
Transfer from the Child Development Fund to the General Fund for indirect costs.		499,801
Transfer from the Cafeteria Fund to the General Fund for indirect costs.		657,451
Transfer from the County School Facilities Fund to the Building Fund to reimburse bond expenditures with State Bond reimbursement funds for modernization and new construction projects.		3,687,472
	$	9,509,970

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2022 is shown below:

	Balance July 1, 2021	Transfers and Additions	Transfers and Deductions	Balance June 30, 2022
Governmental Activities				
Non-depreciable:				
Land	$ 21,223,495	$ -	$ -	$ 21,223,495
Work-in-process	75,201,659	9,785,835	65,567,507	19,419,987
Depreciable:				
Buildings	951,392,985	70,286,270	2,831,080	1,018,848,175
Site improvements	194,744,052	736,965	458,331	195,022,686
Equipment	65,604,066	3,842,080	836,024	68,610,122
Totals, at cost	1,308,166,257	84,651,150	69,692,942	1,323,124,465
Less accumulated depreciation:				
Buildings	(493,159,007)	(25,466,442)	(2,793,522)	(515,831,927)
Site improvements	(117,082,962)	(7,829,086)	(443,054)	(124,468,994)
Equipment	(52,928,041)	(4,275,923)	(836,024)	(56,367,940)
Total accumulated depreciation	(663,170,010)	(37,571,451)	(4,072,600)	(696,668,861)
Capital assets, net	$ 644,996,247	$ 47,079,699	$ 65,620,342	$ 626,455,604

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 30,970,583
Food services	2,183,678
All other pupil services	1,608,411
Community services	210,236
All other general administration	2,030,629
Plant services	567,914
Total depreciation expense	$ 37,571,451

(Continued)

NOTE 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. 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, 2022 and June 30, 2021 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

	June 30, 2021	June 30, 2022
Unpaid claim and claim adjustment expenses, beginning of year	$ 348,069	$ 458,433
Total incurred claims and claim adjustment expenses	13,796,510	13,431,429
Total payments	(13,686,146)	(13,559,589)
Total unpaid claims and claim adjustment expenses at end of year	$ 458,433	$ 330,273

(Continued)

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2022 follows:

The Series 2007, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 Serial Bonds are authorized pursuant to the Election of 2002 and Election of 2012, and are payable from property taxes levied by the County of Sacramento.

Series	Interest Rate	Original Maturity	Balance July 1, 2021	Current Year Issuance	Current Year Refunded & Matured	Balance June 30, 2022
2007 - CA	4.6 - 4.8%	2032	$ 26,077,966	$ -	$ -	$ 26,077,966
2011	0.5 - 5.5%	2029	36,815,000	-	36,815,000	-
2012	2.0 - 5.3%	2031	67,935,000	-	7,195,000	60,740,000
2013 - A	2.0 - 5.0%	2038	11,245,000	-	405,000	10,840,000
2013 - B	5.7%	2038	40,000,000	-	-	40,000,000
2014	2.0 - 5.0%	2027	28,590,000	-	3,730,000	24,860,000
2015	2.0 - 5.0%	2030	22,035,000	-	3,455,000	18,580,000
2015 C1	2.0 - 5.0%	2041	60,900,000	-	1,890,000	59,010,000
2016	2.0-4.0%	2041	12,075,000	-	400,000	11,675,000
2017 - E	3.0-5.0%	2047	91,535,000	-	1,830,000	89,705,000
2017 - C	3.0-5.0%	2047	9,615,000	-	195,000	9,420,000
2018 - F	2.46%	2025	1,500,000	-	200,000	1,300,000
2019 - D	2.375-5.0%	2049	28,100,000	-	5,300,000	22,800,000
2021 - G	0.32% - 4.00%	2050	-	77,100,000	11,195,000	65,905,000
2021 Refunding	4.00%	2030	-	33,355,000	5,005,000	28,350,000
			$ 436,422,966	$ 110,455,000	$ 77,615,000	$ 469,262,966

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 18,680,000	$ 19,673,483	$ 38,353,483
2024	22,812,074	21,111,691	43,923,765
2025	23,985,453	20,371,255	44,356,708
2026	24,721,992	19,665,896	44,387,888
2027	25,540,759	18,865,272	44,406,031
2028-2032	112,305,239	85,417,330	197,722,569
2033-2037	57,612,449	52,077,457	109,689,906
2038-2042	102,795,000	25,088,550	127,883,550
2043-2047	59,590,000	11,234,250	70,824,250
2048-2050	21,220,000	1,613,175	22,833,175
	$ 469,262,966	$ 275,118,359	$ 744,381,325

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

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

On June 14, 2012, the District issued 2012 General Obligation Refunding Bonds totaling $113,245,000. Bond proceeds were used to advance refund all of the District's 1999 Series B, 1999 Series C, General Obligation Refunding Bonds, Series 2001, and the 2002 Series A. Proceeds were also used to advance refund a portion of the District's 1999 Series D Bonds. The refunded bonds have been fully repaid.

On June 27, 2013, the District issued 2013 Series A and Series B General Obligation Bonds totaling $70,000,000. Bond proceeds are to be used for construction related projects.

On January 15, 2014, the District issued 2014 General Obligation Refunding Bonds totaling $44,535,000. Bond proceeds were used to refund a portion of the District's 2002 General Obligation Bonds, Series 2005. The refunded bonds have been fully repaid.

On January 8, 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. The refunded bonds have been fully repaid.

On May 24, 2016, the District issued 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 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 1, 2018, the District issued 2018 Series F General Obligation Bonds totaling $10,000,000. Bond proceeds are to be used for construction related projects.

On November 21, 2019, the District issued 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 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. The refunded bonds have been fully repaid.

Although the advance refunding resulted in the recognition of an accounting loss of $141,816 for the year ended June 30, 2022, the District in effect reduced its aggregate debt service payments by $5,787,193 over the next 8 years and obtained an economic gain of $5,608,228.

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

Calculation of Cash Flow Savings:	
Old debt service cash flows	$ 44,196,050
Less: New debt service cash flows	38,408,857
Total cash flow savings	$ 5,787,193
Calculation of Economic Gain:	
PV of old debt service cash flows	$ 42,805,309
PV of new debt service cash flows	37,197,081
Total economic gain	$ 5,608,228

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,	Principal	Interest	Total
2023	$ 2,770,000	$ 1,358,500	$ 4,128,500
2024	2,915,000	1,220,000	4,135,000
2025	3,025,000	1,074,250	4,099,250
2026	235,000	923,000	1,158,000
2027	-	911,250	911,250
2028-2032	-	4,556,250	4,556,250
2033-2037	9,650,000	3,861,750	13,511,750
2038-2040	8,575,000	871,500	9,446,500
	$ 27,170,000	$ 14,776,500	$ 41,946,500

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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

Year Ending June 30,	Principal	Interest	Total
2023	$ 200,000	$ 1,139,474	$ 1,339,474
2024	200,000	1,131,294	1,331,294
2025	240,000	1,123,114	1,363,114
2026	3,215,000	1,113,298	4,328,298
2027	3,635,000	981,805	4,616,805
2028-2032	18,185,000	2,553,816	20,738,816
2033	2,185,000	89,367	2,274,367
	$ 27,860,000	$ 8,132,168	$ 35,992,168

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2022 is shown below:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amounts Due Within One Year
Debt:					
General Obligation Bonds	$ 436,422,966	$ 110,455,000	$ 77,615,000	$ 469,262,966	$ 18,680,000
Accreted interest	22,869,400	2,312,750	-	25,182,150	-
Lease Revenue Bonds	57,855,000	-	2,825,000	55,030,000	2,970,000
Premium on issuance	30,500,244	16,141,944	6,625,463	40,016,725	3,095,555
Other Long-Term Liabilities:					
Net Pension Liability (Notes 8 & 9)	510,272,000	-	263,218,000	247,054,000	-
Net OPEB liability (Note 10)	317,738,269	-	9,504,754	308,233,515	-
Compensated absences	5,328,863	196,469	-	5,525,332	5,525,332
	$ 1,380,986,742	$ 129,106,163	$ 359,788,217	$ 1,150,304,688	$ 30,270,887

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

(Continued)

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2022 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 225,000	$ -	$ -	$ 2,000	$ 227,000
Stores inventory	105,262	-	-	1,426,207	1,531,469
Prepaid expenditures	16,100	-	-	4,280	20,380
Subtotal nonspendable	346,362	-	-	1,432,487	1,778,849
Restricted:					
Legally restricted programs:					
Grants (unspent categorical revenues)	44,818,264	-	-	-	44,818,264
Student body activities	-	-	-	1,442,007	1,442,007
Adult education operations	-	-	-	1,380,057	1,380,057
Child development	-	-	-	880,662	880,662
Cafeteria operations	-	-	-	13,159,115	13,159,115
Charter schools	-	-	-	9,347,446	9,347,446
Capital projects	-	104,526,405	-	24,844,699	129,371,104
Debt service	-	-	36,744,469	-	36,744,469
Subtotal restricted	44,818,264	104,526,405	36,744,469	51,053,986	237,143,124
Assigned:					
2021-22 LCAP Supplemental	8,598,986	-	-	-	8,598,986
Carryover Funds for Departments	6,290,527	-	-	-	6,290,527
School Site Supplemental carryover	1,002,241	-	-	-	1,002,241
Subtotal assigned	15,891,754	-	-	-	15,891,754
Unassigned:					
Designated for economic uncertainty	12,763,716	-	-	-	12,763,716
Unassigned	36,032,701	-	-	-	36,032,701
Subtotal unassigned	48,796,417	-	-	-	48,796,417
Total fund balances	$ 109,852,797	$ 104,526,405	$ 36,744,469	$ 52,486,473	$ 303,610,144

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

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

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

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

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

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

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

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

(Continued)

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

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the "Special Legislation"), were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-2022.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2021-2022.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2020, valuation adopted by the board in June 2021, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2021.

Employers – 16.920 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In June 2021, the CalSTRS board voted to keep the employer supplemental contribution rate the same for fiscal year 2021–22; it remained at 10.85% effective July 1, 2021.

Through the Special Legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Specifically, employers will remit 1.03%, 2.95% and 2.18% less than is required by the CalSTRS Funding Plan for fiscal years 2019–20, 2020–21 and 2021–22, respectively.

(Continued)

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

The CalSTRS employer contribution rates effective for fiscal year 2021-2022 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Pre-AB 1469 Rate	Increase per Funding Plan	SB90 and AB84 Impact[1]	Total
July 01, 2021	8.250%	10.850%	(2.180%)	16.920%
July 01, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 01, 2046	8.250%	Increase from prior rate ceases in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.50% total and no lower than 8.250%.

The District contributed $40,279,774 to the plan for the fiscal year ended June 30, 2022.

State – 10.828 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In June 2021, the board approved an increase of 0.5% for fiscal year 2021–22, which will increase the state supplemental contribution rate to 6.311% effective July 1, 2021.

Special legislation appropriated supplemental state contributions to reduce the state's portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2022-23. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, Rainy-Day Budget Stabilization Fund Act, which passed in 2014. Accordingly, the contribution amounts are subject to change each year based on the availability of funding. For fiscal year 2020–21, CalSTRS received $297.0 million in supplemental state contributions from Proposition 2 funds. Of this total, approximately $170.0 million is designated to cover forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020–21. The remaining $127.0 million is designated to reduce the state's share of CalSTRS' unfunded actuarial obligation.

(Continued)

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

The CalSTRS state contribution rates effective for fiscal year 2021-2022 and beyond are summarized in the table below.

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding(1)	Total
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the $72 million that is reduced from the required contribution in accordance with Education Code section 22954.
(2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, 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	$ 153,342,000
State's proportionate share of the net pension liability associated with the District	91,235,000
	$ 244,577,000

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2021, the District's proportion was 0.337 percent, which was a decrease of 0.039 percent from its proportion measured as of June 30, 2020.

(Continued)

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

For the year ended June 30, 2022, the District recognized pension expense of $21,523,128 and revenue of $24,098,441 for support provided by the State. At June 30, 2022, 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	$ 384,000	$ 16,319,000
Changes of assumptions	21,727,000	-
Net differences between projected and actual earnings on investments	-	121,298,000
Changes in proportion and differences between District contributions and proportionate share of contributions	14,003,000	46,692,000
Contributions made subsequent to measurement date	40,279,774	-
Total	$ 76,393,774	$ 184,309,000

$40,279,774 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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 June 30,	
2023	$ (31,745,800)
2024	$ (23,112,800)
2025	$ (35,991,800)
2026	$ (41,945,467)
2027	$ (8,859,967)
2028	$ (6,539,166)

Differences between expected and actual experience and 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 average remaining service life of plan members, which is 7 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 . The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

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

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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

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

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

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

* 20-year geometric average

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 312,150,000	$ 153,342,000	$ 21,535,000

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

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.

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

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

https://www.calpers.ca.gov/docs/forms-publications/acfr- 2021.pdf

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when districts first join PERF B, are credited with a market value adjustment in determining contribution rates.

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2022 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2021-22.

Employers - The employer contribution rate was 22.91 percent of applicable member earnings.

The District contributed $16,163,003 to the plan for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of $93,712,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2021 the District's proportion was 0.461 percent, which was a decrease of 0.014 percent from its proportion measured as of June 30, 2020.

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

For the year ended June 30, 2022, the District recognized pension expense of $5,858,087. At June 30, 2022, 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	$ 2,798,000	$ 221,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	35,964,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	10,528,000
Contributions made subsequent to measurement date	16,163,003	-
Total	$ 18,961,003	$ 46,713,000

$16,163,003 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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 June 30,	
2023	$ (11,966,667)
2024	$ (12,230,667)
2025	$ (9,715,666)
2026	$ (10,002,000)

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 average remaining service life of plan members, which is 4 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 , and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, 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.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1 - 10 (1)	Expected Real Rate of Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period
(2) An expected inflation rate of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 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.

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 took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 158,011,000	$ 93,712,000	$ 40,329,000

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 - Other Postemployment Benefits Plan (OPEB)

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

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

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

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

Benefits Provided: Sacramento City Unified School District's Retired Employees Healthcare Plan (REHP), is a single employer defined benefit healthcare plan administered by the Sacramento City Unified School District. The plan 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 Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due.

Employees Covered by Benefit Terms: The following is a table of plan participants as of the June 30, 2021 valuation:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	3,098
Active employees	4,089
	7,187

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Contributions to the Plan are voluntary. Contributions to the Plan from the District were $31,199,420 for the year ended June 30, 2022.

OPEB Plan Investments: The plan discount rate of 6.8% 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, 2021:

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Year 1 - 10	Expected Real Rate of Return Years 11+
Global Equity	59%	4.80%	5.98%
Fixed Income	25	1.10	2.62
Treasury Inflation-Protected Securities	5	0.25	1.46
Real Estate Investment Trusts	8	3.20	5.00
Commodities	3	1.50	2.87

*Geometric average

(Continued)

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

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

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

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Funding Method	Entry age normal, level percent of pay
General Inflation Rate	2.5%
Long Term Return on Assets	7.00% as of June 30, 2020 and June 30, 2019, net of plan investment expenses and including inflation
Discount rate	6.80% as of June 30, 2021, determined by the blending of the asset returns and the 20-year high grade municipal bond rate as of June 30, 2021 less 0.1% for trust administration fees.
Salary increase	3.0% per year, used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used as a component of assumed salary increases
Health care cost trend rate	7.00% for 2021 and 2019, decreasing 0.5 percent per year thereafter to an ultimate rate of 5.00% for year 2024 and later years.
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used For classified employees the 2017 CalPERS active mortality for miscellaneous employees were used

(Continued)

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

Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation
Participation Rate	Active Employees: 100% 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 (Mgmt/Class) 15% of active employees who qualify 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 (Medicare eligibility)

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2021	$ 415,066,116	$ 97,327,847	$ 317,738,269
Changes for the year:			
Service cost	8,647,600	-	8,647,600
Interest	28,912,863	-	28,912,863
Actuarial experience	-	19,605,182	(19,605,182)
Assumption changes	10,859,088	-	10,859,088
Employer contributions	-	31,199,420	(31,199,420)
Interest income	-	7,156,542	(7,156,542)
Administrative expense	-	(36,839)	36,839
Benefit payments	(21,345,655)	(21,345,655)	-
Net change	27,073,896	36,578,650	(9,504,754)
Balance, June 30, 2022	$ 442,140,012	$ 133,906,497	$ 308,233,515

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

The changes in assumptions include a change in the discount rate from 7.0 percent in the prior valuation, to 6.8 percent in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2022, 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 6.90 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 (5.90 percent) and 1 percent higher (7.90 percent):

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Net OPEB liability	$ 369,356,112	$ 308,233,515	$ 257,868,745

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

	1% Decrease (4.70%)	Healthcare Cost Trend Rates Rate (5.70%)	1% Increase (6.70%)
Net OPEB liability	$ 253,301,677	$ 308,233,515	$ 376,526,483

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

For the year ended June 30, 2022, the District recognized OPEB expense of $49,411,529. At June 30, 2022, 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	$ 2,218,033	$ 132,090,514
Changes of assumptions	30,501,321	185,966,495
Net differences between projected and actual earnings on investments	-	13,433,147
Benefits paid subsequent to measurement date	28,457,590	-
Total	$ 61,176,944	$ 331,490,156

(Continued)

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

$28,457,590 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, 2023. 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 June 30,		
2023	$	(79,599,169)
2024	$	(74,663,818)
2025	$	(66,176,574)
2026	$	(39,412,715)
2027	$	(35,737,280)
Thereafter	$	(3,181,246)

Differences between projected and actual earnings on investment are amortized over a closed period of 5 years as of the June 30, 2021 measurement date. Changes in assumptions and differences between expected and actual experience are amortized over a closed period of 7.13 years as of the June 30, 2021 measurement date.

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, 2021 (most recent information available):

Total assets	$	217,113,543
Deferred outflows	$	1,855,968
Total liabilities	$	87,859,871
Deferred inflows	$	751,640
Total net position	$	130,358,000
Total revenues	$	73,201,625
Total expenses	$	57,783,763
Change in net position	$	15,417,862

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 – 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, 2022, the District had approximately $18.7 million in outstanding construction contract commitments.

NOTE 13 – MANAGMENT'S PLANS

Since September 2018 when the Sacramento County Office of Education (SCOE) disapproved the District’s adopted General Fund budget for the 2018-19 fiscal year, the Board of Education, Superintendent, management, staff, and labor partners have been collaborating to identify solutions that would address the structural deficit for current and future fiscal years’ financial projections.

Due to Education Code provision, the District’s financial position resulted in a series of actions including a Fiscal Health Risk Analysis by the Fiscal Crisis and Management Assistance Team (FCMAT) and an audit by the California State Auditor. Additionally, SCOE appointed a fiscal advisor to work with the District to review the budget for accuracy and provide assistance to District staff.

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

The District’s proposed 2019-20 Budget continued a structural deficit into 2019-20 to allow for the time necessary to negotiate a solution that achieves long-term cost savings. SCOE recognized that the District made considerable progress towards stabilizing the budget, but disapproved the budget since the District expected to be $27 million short of the minimum required reserve in 2021-22 without an agreed upon solution.

Due to the ongoing COVID-19 pandemic, the District realized additional one-time savings in the 2019-20 and 2020-21 fiscal years that helped bolster the District’s ending fund balance. The 2021-22 fiscal year saw a decline of $37.8 million in its unrestricted fund.

Ongoing risks include a continued projected decline in enrollment and 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 funding mechanisms put in place by the state to mitigate the decline in ADA.

(Continued)

NOTE 13 – MANAGMENT'S PLANS (Continued)

The District's 2022-23 First Interim multi-year projections indicate that the District will be able to meet its financial obligations for the current and two subsequent years. As of the 2022-23 First interim report, the District is projected to have positive cash balances at June 30 for all three fiscal years 2022-23, 2023-2024, and 2024-25. The District has taken measures to reduce expenditures and increase reserves, including the one-time savings resulting from the COVID-19 pandemic as described above. The District has passed two Student-Centered Fiscal Recovery Plans, one on February 4, 2021 and the second on December 17, 2021 to help address the District's ongoing structural deficit. The District will continue to evaluate its programs and staffing levels, and other supply and services expenditures in order to determine whether additional non-negotiable savings may be achieved.

NOTE 14 – SUBSEQUENT EVENTS

On July 21, 2022, the 2022 General Obligation, Series A were issued in total of $225,000,000. The bonds were issued under Measure H. The bonds range in maturity date with a final payoff on August 1, 2052 with interest rates ranging from 4.00% to 5.00%.

On July 21, 2022, the 2022 General Obligation Refunding Bonds were issued in total of $55,845,000. The bonds were issued to refund a certain portion of the 2012 General Obligation Refunding Bonds. The bonds range in maturity date with a final payoff on July 1, 2031 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, 2022

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
LCFF:				
State apportionment	$ 331,459,392	$ 330,403,324	$ 276,528,575	$ (53,874,749)
Local sources	101,290,667	106,807,567	114,895,574	8,088,007
Total LCFF	432,750,059	437,210,891	391,424,149	(45,786,742)
Federal sources	46,193,654	190,826,286	120,733,568	(70,092,718)
Other state sources	73,939,718	102,313,340	104,713,852	2,400,512
Other local sources	6,385,645	8,925,474	5,974,394	(2,951,080)
Total revenues	559,269,076	739,275,991	622,845,963	(116,430,028)
Expenditures:				
Current:				
Certificated salaries	225,805,852	241,406,944	237,235,646	4,171,298
Classified salaries	61,720,315	64,117,193	76,904,101	(12,786,908)
Employee benefits	189,329,145	186,225,105	185,060,292	1,164,813
Books and supplies	29,444,199	79,662,025	26,193,255	53,468,770
Contract services and operating expenditures	82,045,873	137,914,243	103,385,895	34,528,348
Other outgo	(150,180)	203,893	1,473,819	(1,269,926)
Capital outlay	1,781,522	15,203,478	9,148,969	6,054,509
Total expenditures	589,976,726	724,732,881	639,401,977	85,330,904
(Deficiency) excess of revenues (under) over expenditures	(30,707,650)	14,543,110	(16,556,014)	(31,099,124)
Other financing sources (uses):				
Transfers in	2,316,301	2,291,754	3,162,296	870,542
Transfers out	(266,000)	(266,000)	(2,660,202)	(2,394,202)
Total other financing sources (uses)	2,050,301	2,025,754	502,094	(1,523,660)
Change in fund balance	(28,657,349)	16,568,864	(16,053,920)	(32,622,784)
Fund balance, July 1, 2021	125,906,717	125,906,717	125,906,717	-
Fund balance, June 30, 2022	$ 97,249,368	$ 142,475,581	$ 109,852,797	$ (32,622,784)

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, 2022

Last 10 Fiscal Years

	2018	2019	2020	2021	2022
TOTAL OPEB LIABILITY					
Service cost	$ 33,273,763	$ 28,429,909	$ 20,002,277	$ 22,361,924	$ 8,647,600
Interest on total OPEB liability	24,982,078	28,454,100	25,888,179	26,023,049	28,912,863
Differences between expected and actual experience	-	(135,537,910)	-	(98,105,689)	-
Changes of assumptions	(89,783,252)	(83,559,205)	29,041,398	(170,763,789)	10,859,088
Benefit payments	(20,462,037)	(19,351,654)	(19,644,632)	(18,690,251)	(21,345,655)
Net change in total OPEB liability	(51,989,448)	(181,564,760)	55,287,222	(239,174,756)	27,073,896
Total OPEB liability - beginning of year (a)	832,507,858	780,518,410	598,953,650	654,240,872	415,066,116
Total OPEB liability - end of year (b)	$ 780,518,410	$ 598,953,650	$ 654,240,872	$ 415,066,116	$442,140,012
PLAN FIDUCIARY NET POSITION					
Contributions - employer	$ 48,000,844	$ 33,078,830	$ 28,640,257	$ 26,713,074	$ 31,199,420
Net investment income	3,951,473	4,395,048	4,575,947	3,013,601	26,761,724
Administrative expenses	(19,446)	(29,756)	(15,667)	(42,420)	(36,839)
Other expenses	-	(72,482)	-	-	-
Benefit payments	(20,462,037)	(19,351,654)	(19,644,632)	(18,690,251)	(21,345,655)
Change in plan fiduciary net position	31,470,834	18,019,986	13,555,905	10,994,004	36,578,650
Fiduciary trust net position - beginning of year (c)	23,287,118	54,757,952	72,777,938	86,333,843	97,327,847
Fiduciary trust net position - end of year (d)	$ 54,757,952	$ 72,777,938	$ 86,333,843	$ 97,327,847	$133,906,497
Net OPEB liability - beginning (a) - (c)	$ 809,220,740	$ 725,760,458	$ 526,175,712	$ 567,907,029	$317,738,269
Net OPEB liability - ending (b) - (d)	$ 725,760,458	$ 526,175,712	$ 567,907,029	$ 317,738,269	$308,233,515
Plan fiduciary net position as a percentage of the total OPEB liability	7%	12%	13%	23%	30%
Covered employee payroll	$ 263,777,849	$ 284,495,904	$ 271,833,894	$ 279,376,002	$302,034,133
Net OPEB liability as a percentage of covered employee payroll	275%	185%	209%	114%	102%

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.

Other Postemployment Benefits
Last 10 Fiscal Years

	2018	2019	2020*	2021	2022
Actuarially determined contribution	$ 41,766,451	$ 29,997,546	$ 30,861,105	$ 31,958,000	$ 28,427,786
Contributions in relation to the actuarially determined contribution	(33,078,830)	(28,640,257)	(26,713,074)	(31,199,420)	(28,457,590)
Contribution deficiency (excess)	$ 8,687,621	$ 1,357,289	$ 4,148,031	$ 758,580	$ (29,804)
Covered employee payroll	$ 284,495,904	$ 271,833,894	$ 279,376,002	$ 302,034,133	$343,087,662
Contributions as a percentage of covered employee payroll	11.63%	10.54%	9.56%	10.33%	8.29%

*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.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.382%	0.375%	0.371%	0.372%	0.385%	0.396%	0.376%	0.337%
District's proportionate share of the net pension liability	$233,056,000	$252,331,000	$299,780,000	$344,390,000	$353,827,000	$357,334,000	$364,571,000	$153,342,000
State's proportionate share of the net pension pension liability associated w ith the District	134,692,000	133,455,000	170,676,000	203,739,000	202,583,000	194,951,000	199,236,000	91,235,000
Total net pension liability	$367,748,000	$385,786,000	$470,456,000	$548,129,000	$556,410,000	$552,285,000	$563,807,000	$244,577,000
District's covered payroll	$170,012,000	$173,962,000	$184,718,000	$197,366,000	$202,167,000	$220,584,000	$212,770,000	$213,026,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.08%	145.05%	162.29%	174.49%	175.02%	161.99%	171.35%	71.98%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%

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

All years prior to 2015 are not available.

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2022

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.541%	0.534%	0.533%	0.518%	0.541%	0.527%	0.475%	0.461%
District's proportionate share of the net pension liability	$ 61,440,000	$ 78,659,000	$105,299,000	$123,753,000	$144,170,000	$153,723,000	$145,701,000	$ 93,712,000
District's covered payroll	$ 56,813,000	$ 59,079,000	$ 63,963,000	$ 66,095,000	$ 72,476,000	$ 73,410,000	$ 68,605,000	$ 66,484,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	187.24%	198.92%	209.40%	212.38%	140.95%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%

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

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2022

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 15,447,858	$ 19,820,280	$ 24,828,643	$ 29,172,733	$ 35,911,088	$ 36,383,635	$ 34,403,690	$ 40,279,774
Contributions in relation to the contactually required contribution	(15,447,858)	(19,820,280)	(24,828,643)	(29,172,733)	(35,911,088)	(36,383,635)	(34,403,690)	(40,279,774)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***

All years prior to 2015 are not available.

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

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

*** 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)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 6,954,207	$ 7,577,683	$ 9,180,596	$ 11,256,216	$ 13,259,325	$ 13,529,537	$ 13,762,087	$ 16,163,003
Contributions in relation to the contactually required contribution	(6,954,207)	(7,577,683)	(9,180,596)	(11,256,216)	(13,259,325)	(13,529,537)	(13,762,087)	(16,163,003)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%	22.91%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

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

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

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

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

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

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

Changes of Assumptions: The discount rate for the Net OPEB liability was 2.92, 3.56, 4.25, 3.90, 7.00 and 6.80 percent in the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 actuarial reports, respectively.

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

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

	Measurement Period						
Assumption	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%	3.00%	3.00%
Investment rate of return	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%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2022

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Total
ASSETS									
Cash in County Treasury	$ -	$ 9,455,315	$ 73,183	$ (28,611)	$ 7,630,102	$ 23,082,756	$ -	$ 1,100,983	$ 41,313,728
Cash in banks	1,442,007	-	212,182	57,491	49,473	144,728	-	17,758	1,923,639
Cash in revolving account	-	-	-	-	2,000	-	-	-	2,000
Collections Awaiting Deposit	-	-	-	-	14,650	-	-	-	14,650
Receivables	-	113,484	24,805	2,405	7,269,916	75,709	4,891	1,779	7,492,989
Due from grantor government	-	916,724	1,001,503	3,269,607	-	-	-	-	5,187,834
Due from other funds	-	1,362,003	328,731	441,071	216,813	579,564	-	-	2,928,182
Prepaid expenditures	-	-	4,280	-	-	-	-	-	4,280
Stores inventory	5,934	-	-	-	1,420,273	-	-	-	1,426,207
Total assets	$ 1,447,941	$ 11,847,526	$ 1,644,684	$ 3,741,963	$ 16,603,227	$ 23,882,757	$ 4,891	$ 1,120,520	$ 60,293,509
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	$ -	$ 417,072	$ 235,639	$ 214,155	$ 736,255	$ 2,492	$ -	$ 7,334	$ 1,612,947
Due to grantor government	-	1,649,951	-	-	-	-	-	-	1,649,951
Unearned revenue	-	381,463	9,986	638,789	9,460	-	-	-	1,039,698
Due to other funds	-	51,594	14,722	2,008,357	1,276,124	153,643	-	-	3,504,440
Total liabilities	-	2,500,080	260,347	2,861,301	2,021,839	156,135	-	7,334	7,807,036
Fund balances:									
Nonspendable	5,934	-	4,280	-	1,422,273	-	-	-	1,432,487
Restricted	1,442,007	9,347,446	1,380,057	880,662	13,159,115	23,726,622	4,891	1,113,186	51,053,986
Total fund balance	1,447,941	9,347,446	1,384,337	880,662	14,581,388	23,726,622	4,891	1,113,186	52,486,473
Total liabilities and fund balances	$ 1,447,941	$ 11,847,526	$ 1,644,684	$ 3,741,963	$ 16,603,227	$ 23,882,757	$ 4,891	$ 1,120,520	$ 60,293,509

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, 2022

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Developer Fees Fund	County School Facilities Fund	Community Facilities Fund	Total
Revenues:									
LCFF	$ -	$ 16,622,320	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,622,320
Federal sources	-	582,763	919,200	7,124,134	28,165,890	-	-	-	36,791,987
Other state sources	-	3,670,152	2,438,615	6,200,532	280,459	-	3,682,693	-	16,272,451
Other local sources	1,080,701	(37,548)	2,225,325	1,004,884	76,135	8,161,150	9,252	1,941,924	14,461,823
Total revenues	1,080,701	20,837,687	5,583,140	14,329,550	28,522,484	8,161,150	3,691,945	1,941,924	84,148,581
Expenditures:									
Current:									
Certificated salaries	-	8,110,394	1,821,021	4,796,942	-	-	-	-	14,728,357
Classified salaries	-	939,529	1,251,203	2,495,496	8,816,798	-	-	-	13,503,026
Employee benefits	-	5,764,286	2,015,256	5,094,780	6,177,360	-	-	-	19,051,682
Books and supplies	852,712	248,551	249,981	513,663	13,014,492	-	-	-	14,879,399
Contract services and operating expenditures	-	1,930,542	1,132,497	461,245	1,046,091	173,160	-	14,992	4,758,527
Capital outlay	-	-	63,651	-	643,337	326,539	-	-	1,033,527
Debt service:									
Principal retirement	-	-	-	-	-	2,825,000	-	-	2,825,000
Interest	-	-	-	-	-	717,496	-	1,919,908	2,637,404
Total expenditures	852,712	16,993,302	6,533,609	13,362,126	29,698,078	4,042,195	-	1,934,900	73,416,922
Excess (deficiency) of revenues over (under) expenditures	227,989	3,844,385	(950,469)	967,424	(1,175,594)	4,118,955	3,691,945	7,024	10,731,659
Other financing sources (uses):									
Transfers in	-	1,081,471	1,578,731	-	-	-	-	-	2,660,202
Transfers out	-	(1,960,024)	(45,020)	(499,801)	(657,451)	-	(3,687,472)	-	(6,849,768)
Total other financing sources (uses)	-	(878,553)	1,533,711	(499,801)	(657,451)	-	(3,687,472)	-	(4,189,566)
Net change in fund balances	227,989	2,965,832	583,242	467,623	(1,833,045)	4,118,955	4,473	7,024	6,542,093
Fund balances, July 1, 2021	1,219,952	6,381,614	801,095	413,039	16,414,433	19,607,667	418	1,106,162	45,944,380
Fund balances, June 30, 2022	$ 1,447,941	$ 9,347,446	$ 1,384,337	$ 880,662	$ 14,581,388	$ 23,726,622	$ 4,891	$ 1,113,186	$ 52,486,473

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

GOVERNING BOARD

Name	Office	Term Expires
Christina Pritchett	President	December 2024
Leticia Garcia	Vice President	December 2022
Chinua Rhodes	Second Vice President	December 2024
Lisa Murawski	Member	December 2022
Jamee Villa	Member	December 2024
Darrel Woo	Member	December 2022
Lavania Grace Phillips	Member	December 2024
Jacqueline Zhang*	Student Member	June 2022

ADMINISTRATION

Jorge A. Aguilar
Superintendent

Lisa Allen
Deputy Superintendent

Brian Heap**
Chief Communications Officer

Vacant***
Chief Continuous Improvement and Accountability Officer

Bob Lyons
Chief Information Officer

Cancy McArn
Chief Human Resources Officer

Rose F. Ramos
Chief Business and Operations Officer

Vacant****
Chief Academic Officer

*Liam McGurk voted into office as the new Student Board Member in June 2022 for the 2022-23 fiscal year.
**Tara Gallegos resigned September 17, 2021. Brian Heap hired April 4, 2022.
***Vincent Harris resigned August 25, 2021.
****Christine Baeta resigned August 31, 2022.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2022

	Original Second Period Report	Audited Second Period Report	Original Annual Report	Audited Annual Report
Certificate Number:	D6647E7F	D6647E7F	871B73E2	871B73E2
Elementary:				
Transitional Kindergarten through Third	9,805	9,805	10,094	10,094
Fourth through Sixth	7,744	7,744	7,915	7,915
Seventh and Eighth	5,360	5,360	5,444	5,444
Special Education	140	140	142	142
Community Day School	7	7	9	9
	23,056	23,056	23,604	23,604
Secondary:				
Ninth through Twelfth	9,525	9,525	9,797	9,797
Special Education	92	92	89	89
Total Secondary	9,617	9,617	9,886	9,886
District ADA Totals	32,673	32,673	33,490	33,490
Charter Schools				
Certificate Number:	B3FC0875	B3FC0875	773DF431	773DF431
Bowling Green Elementary - Classroom-Based:				
Transitional Kindergarten through Third	385	385	386	386
Fourth through Sixth	306	306	306	306
Total Bowling Green Elementary Charter	691	691	692	692
Certificate Number:	E8557C97	E8557C97	DB8FD1CA	DB8FD1CA
George Washington Carver School of Arts and Science - Classroom-Based:				
Ninth through Twelfth	232	232	220	220
Certificate Number:	E4C517D6	E4C517D6	43B22FE1	43B22FE1
New Joseph Bonnheim - Classroom-Based:				
Transitional Kindergarten through Third	115	115	116	116
Fourth through Sixth	88	88	88	88
Total New Joseph Bonnheim Charter	203	203	204	204
Certificate Number:	DC73B46D	DC73B46D	916DD38F	916DD38F
New Technology High - Classroom-Based:				
Ninth through Twelfth	163	163	161	161
Certificate Number:	6AE481FD	**	27CD5D0D	**
The Met Sacramento High School - Classroom-Based:				
Ninth through Twelfth	215	-	218	-
Non-Classroom-Based:				
Ninth through Twelfth	-	215	-	218
Total Charter Schools	1,289	1,504	1,277	1,495

** Second Period Report and Annual Report for The Met Sacramento High School will be revised to properly state the ADA generat
Nonclassroom-Based ADA.

See accompanying notes to supplementary information.

Grade Level	Statutory Minutes Require-ment	2021-2022 Actual Minutes	Number of Days Traditional Calendar	Status
District				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
Grade 7	54,000	51,408	172	Out of Compliance
Grade 8	54,000	51,408	172	Out of Compliance
Grade 9	64,800	61,872	172	Out of Compliance
Grade 10	64,800	61,872	172	Out of Compliance
Grade 11	64,800	61,872	172	Out of Compliance
Grade 12	64,800	61,872	172	Out of Compliance
Bowling Green Charter School - Classroom Based				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
George Washington Carver School of Arts and Science - Classroom Based				
Grade 9	64,800	61,872	172	Out of Compliance
Grade 10	64,800	61,872	172	Out of Compliance
Grade 11	64,800	61,872	172	Out of Compliance
Grade 12	64,800	61,872	172	Out of Compliance
New Joseph Bonnheim Charter School - Classroom Based				
Kindergarten	36,000	34,400	172	Out of Compliance
Grade 1	50,400	48,144	172	Out of Compliance
Grade 2	50,400	48,144	172	Out of Compliance
Grade 3	50,400	48,144	172	Out of Compliance
Grade 4	54,000	51,584	172	Out of Compliance
Grade 5	54,000	51,584	172	Out of Compliance
Grade 6	54,000	51,584	172	Out of Compliance
New Technology High School - Classroom Based				
Grade 9	64,800	65,336	167	Out of Compliance
Grade 10	64,800	65,336	167	Out of Compliance
Grade 11	64,800	65,336	167	Out of Compliance
Grade 12	64,800	65,336	167	Out of Compliance

See accompanying notes to supplementary information.

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education		
	Special Education Cluster:		
84.027	IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611	13379	$ 9,237,550
84.027	IDEA: Private School ISP	13379	429,627
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	272,873
84.027A	IDEA: Mental Health Services, Part B, Sec 611	14468	477,100
84.173A	IDEA: Preschool Staff Development, Part B, Sec 619	13431	1,112
84.027A	IDEA: Quality Assurance & Focused Monitoring	13693	5,750
84.173A	Alternative Dispute Resolution, Part B, Sec 611	13007	68,609
	Subtotal Special Education Cluster		10,492,621
	Adult Education Program:		
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	138,809
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	1,967
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	17,690
	Subtotal Adult Education Program		158,466
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131 (Vocational Education)	14894	588,196
	Title I Program:		
84.010	ESEA (ESSA): Title I, Part Basic Grants Low-Income and Neglected	14329	13,189,910
84.010	ESEA: School Improvement Funding for LEAs	15438	1,145,222
	Subtotal Title I Program		14,335,132
	Title III Program:		
84.365	ESEA (ESSA): Title III, English Learner Student Program	14346	509,588
84.365	ESEA (ESSA): Title III, Immigrant Student Program	15146	10,426
	Subtotal Title III Program		520,014

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	$ 198,454
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Gran	14332	70,143
84.060	Indian Education (From Federal Government)	10011	68,080
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	2,209,555
84.336	Sacramento STEM Power	*	36,428
84.367	ESEA: Title II, Part A, Supporting Effective Instruction	14341	1,919,696
84.377	ESEA: Title I, School Improvement Grant (SIG)	*	1,840,297
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment	15396	2,317,429
	COVID-19: Education Stabilization Fund (ESF) Programs:		
84.425	COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund 1	15536	485,624
84.425	COVID-19: ESSER II Fund	15547	47,387,066
84.425	COVID-19: ESSER III Fund	15559	18,778,834
84.425U	COVID-19: ESSER III Fund: Learning Loss	10155	4,874,982
84.425C	COVID-19: Governor's Emergency Education Relief Fund (GEER): Learning Loss Mitigation	15517	2,830,311
84.425	COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	15618	2,363,315
84.425	COVID-19: ELO Grant: GEER II	15619	12,571
84.425	COVID-19: ELO Grant: ESSER III State Reserve Emergency Needs	15620	16,109
84.425	COVID-19: ELO Grant: ESSER III State Reserve Learning Loss	15621	11,861
84.425	COVID-19:After School Education and Safety (ASES) Rate Increase: ESSER III State Reserve Afterschool Programs	15649	7,326,529
84.425	COVID-19: 21st Century Community Learning Centers (CCLC) Rate Increase ESSER III State Reserve Afterschool Programs	15651	195,392
84.425	COVID-19: American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	15564	6,545
84.425F	Higher Education Emergency Relief Funds (HEERF) Program	P425F204408	220,568
	Subtotal ESF Programs		84,509,707
	Total U.S. Department of Education		119,403,638

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Health and Human Services - Passed through California Department of Health Care Services		
	Child Development Coronavirus Response Programs:		
93.575	Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend - COVID - 19	15555	$ 1,930
93.575	Child Development: Federal California State Preschool Program (13-14)	*	71,140
93.596	Child Development: Federal California State Preschool Program (13-14)	13609	18,963
	Subtotal Child Development Coronavirus Response		92,033
93.674	Chafee Foster Care Independent Living	*	96,193
93.600	Head Start - Head Start Cluster	10016	6,682,071
93.566	Refugee Cash and Medical Assistance Program	*	175,399
	U.S. Department of Health and Human Services - Passed through Substance Abuse and Mental Health Services Administration		
93.243	Meadowview Project Aware Grant	*	821
	Total U.S. Department Health and Human Services		7,046,517
	U.S. Department of Agriculture - Passed through California Department of Education		
	Child Nutrition Cluster:		
10.555	Child Nutrition: School Programs (e.g., School Lunch, School Breakfast, Milk, Pregnant & Lactating Students)	13396	26,763,017
10.559	Child Nutrition: Summer Food Service Program Operations	13004	806,204
	Subtotal Child Nutrition Cluster		27,569,221
10.558	Child Nutrition: Child Care Food Program	13666	2,333,551
	Total U.S. Department of Agriculture		29,902,772
	U.S. Department of Defense		
12.357	ROTC Language and Culture Training Grants	*	291,727

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Labor			
	Workforce Innovation and Opportunity Act Cluster:		
17.259	Workforce Investment Act, Youth Activities	10055	$ 165,682
U.S. Department of Treasury - Passed through California Department of Education			
21.019	COVID-19: Coronavirus Relief Funds (CRF): Learning Loss Mitigation	25516	(13,719)
	Total Federal Programs		$ 156,796,617

* District is unable to provide PCA numbers.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

	Bond Interest and Redemption Fund
June 30, 2022 Unaudited Actual Financial Reporting Ending Fund Balance	$ 21,226,253
To correct debt issuance premiums recorded by the Sacramento County Treasurer	15,518,216
June 30, 2022 Audited Financial Statements Ending Fund Balance	$ 36,744,469

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, 2022
(UNAUDITED)

	(Budget) 2023	2022	2021	2020
General Fund				
Revenues and other financing sources	$ 693,423,917	$ 626,008,259	$ 629,933,392	$ 557,546,896
Expenditures	651,256,668	639,401,977	591,568,014	532,129,368
Other uses and transfers out	-	2,660,202	5,507,272	2,698,262
Total outgo	651,256,668	642,062,179	597,075,286	534,827,630
Change in fund balance	$ 42,167,249	$ (16,053,920)	$ 32,858,106	$ 22,719,266
Ending fund balance	$ 152,020,046	$ 109,852,797	$ 125,906,717	$ 93,048,611
Available reserves	$ 77,956,280	$ 48,796,417	$ 45,401,679	$ 84,052,645
Designated for economic uncertainties	$ 12,954,460	$ 12,763,716	$ 11,907,405	$ 10,624,585
Undesignated fund balance	$ 65,001,820	$ 36,032,701	$ 33,494,274	$ 73,428,060
Available reserves as percentages of total outgo	12.0%	7.6%	7.6%	15.7%
All Funds				
Total long-term liabilities	$ 1,120,033,801	$ 1,150,304,688	$ 1,380,986,742	$ 1,663,304,598
Average daily attendance at P-2, excluding Adult and Charter School	34,559	32,673	38,220	38,220

The General Fund fund balance has increased by $39,523,452 over the past three years. The District has incurred operating deficits in one of the past three years, and anticipates incurring an operating deficit during the 2022-2023 fiscal year. The fiscal year 2022-2023 budget projects an increase of $42,167,249. The fiscal year 2022-2023 First Interim Budget projects an increase of $79.8 million. For a district this size, the state recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2022, the District has met this requirement.

Total long-term liabilities have decreased by $512,999,910 over the past two years.

Average daily attendance has decreased by 5,547 over the past two years. The District anticipates an increase of 1,886 ADA for the 2022-2023 fiscal year.

See accompanying notes to supplementary information.

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

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
For the Year Ended June 30, 2022

	Academic and Support Services*	Child Care*
Revenues		
Other local sources	$ 165,195	$ 307,702
Expenditures:		
Certificated salaries	93,834	106,412
Classified salaries	-	74,117
Employee benefits	62,733	107,009
Books and supplies	8,148	1,569
Contract services and operating expenditures	480	976
Indirect costs	-	17,619
Total expenditures	165,195	307,702
Change in fund balance	-	-
Fund balance, July 1, 2021	-	-
Fund balance, June 30, 2022	$ -	$ -

* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 69 to 70 of the financial statements for a complete presentation of the Child Development Fund.

See accompanying notes to supplementary information.

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 Expenditure of Federal Awards: The Schedule of Expenditure 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.

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

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2022-2023 fiscal year, as required by the State Controller's Office.

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

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2022, the District did not adopt this program.

Crowe LLP
Independent Member Crowe Global

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance with State Laws and Regulations

Opinion on Compliance with State Laws and Regulations

We have audited Sacramento City Unified School District's (District) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide) applicable to the state laws and regulations listed below for the year ended June 30, 2022.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A, see reasoning
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A, see reasoning
Middle or Early College High Schools	N/A, see reasoning
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	N/A, see reasoning
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course-Based	N/A, see reasoning
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes

(Continued)

Attendance, for charter schools	Yes
Mode of Instruction, for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study, for charter schools	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	Yes
Annual Instructional Minutes-Classroom Based	Yes
Charter School Facility Grant Program	N/A, see reasoning

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform any testing of the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform any testing of Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform any testing of Middle or Early College High Schools.

The District is not reported as a District of Choice per the California Department of Education, therefore we did not perform any procedures related to District of Choice.

The District did not report any ADA related to Independent Study - Course Based; therefore, we did not perform any testing of Independent Study - Course Based ADA.

The District does not have a Charter School Facility Program; therefore, we did not perform any testing of Charter School Facility Program.

In our opinion, except for the noncompliance described in the Basis of Qualified Opinion paragraph, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2022.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

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 the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Our responsibilities under those standards and the Audit Guide 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 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.

As described in Finding 2022-002, 2022-003, 2022-004, 2022-005, and 2022-006 in the accompanying Schedule of Audit Findings and Questioned Costs, Sacramento City Unified School District did not comply with the requirements regarding Instructional Time, Immunizations, Charter Schools – Attendance, and Charter Schools – Annual Instructional Minutes-Classroom Based. Compliance with such requirements is necessary, in our opinion, for Sacramento City Unified School District to comply with the requirements applicable to the state laws and regulations referred to above.

Other Matter

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

(Continued)

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 the District's government programs.

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 Audit Guide, 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.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2021-2022 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

Crowe LLP

Sacramento, California
December 9, 2022

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

Board of Education
Sacramento City Unified School District
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2022, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District 's basic financial statements, and have issued our report thereon dated December 9, 2022**.**

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. 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. We identified a deficiency in internal controls that was communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2022-001.

(Continued)

Report on Compliance and Other Matters

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

Sacramento City Unified School District Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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

Crowe LLP

Sacramento, California
December 9, 2022

Crowe LLP
Independent Member Crowe Global

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, 2022.

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, 2022.

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 Audit Guide, 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.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

Crowe LLP
Independent Member Crowe Global

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sacramento City Unified School District 's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Sacramento City Unified School District 's major federal programs for the year ended June 30, 2022. Sacramento City Unified School District 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sacramento City Unified School District 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Sacramento City Unified School District 's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sacramento City Unified School District 's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

(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.

Crowe LLP

Crowe LLP

Sacramento, California
December 9, 2022

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal control over major programs:

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

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

AL Number(s)	Name of Federal Program or Cluster	Type of Opinion
84.425, 84.425C, 84.425F, 84.425U	COVID-19: Education Stabilization Fund (ESF) Programs	Unmodified
84.010	Title I Programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.425, 84.425C, 84.425F, 84.425U	COVID-19: Education Stabilization Fund (ESF) Programs
84.010	Title I Programs

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

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

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2022-001 DEFICIENCY - SEGREGATION OF DUTIES IN JOURNAL ENTRY PROCESSING (30000)

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

Condition: Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. This is a repeat finding of 2021-001.

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

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

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

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

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-002 DEFICIENCY – STATE COMPLIANCE –INSTRUCTIONAL TIME (40000)

Criteria: Determine, by grade level, the total number of days in each sampled school's attendance calendar that were of at least the minimum length required, pursuant to Education Code sections 46112, 46113, 46114, 46115, 46117, and 46119, for elementary schools, or sections 46141 and 46142, for junior high schools and high schools. Compare the total qualifying days by grade level for each sampled school to the standards set forth in Education Code section 41420 or 37670, as applicable.

Condition: In the Spring of 2021-2022 fiscal year, the District had a teacher strike in where 8 days of instructional time were not provided. As a result of these lost instructional days, the District's total instructional days fell below the requirement of 180 days at 172 days. Relatively, the number of instructional minutes by grade level fell below the minimums instructional minutes required by Education Code 46207.

Grade Level	EC 46207 Statutory Requirement	Actual Minutes
Kindergarten	36,000	34,400
Grade 1	50,400	48,144
Grade 2	50,400	48,144
Grade 3	50,400	48,144
Grade 4	54,000	51,584
Grade 5	54,000	51,584
Grade 6	54,000	51,584
Grade 7	54,000	51,408
Grade 8	54,000	51,408
Grade 9	64,800	61,872
Grade 10	64,800	61,872
Grade 11	64,800	61,872
Grade 12	64,800	61,872

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance with article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code due to the loss of instructional minutes noted.

Cause: The cause of the lost instructional days is due to the workforce strike.

Fiscal impact: The financial penalty due to the minimum number of school days of 180 days not being met is a total of $26,709,878. The financial penalty due to the minimums number of minutes by grade level not being met is a total of $19,464,545. The total fiscal impact is $46,174,423. The District has properly accrued for this payable penalty as of June 30, 2022.

Recommendation: The District should ensure minimum number of days and minutes are met for the school year.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-002 DEFICIENCY – STATE COMPLIANCE –INSTRUCTIONAL TIME (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action: The loss of instructional days and minutes was a result of a workforce strike. The District will work to ensure the minimum number of days and minutes are met for the school year. Additionally, the District has the ability to submit a waiver to the State Board of Education to make up the lost days by adding to the instructional calendar double the lost number of instructional days/minutes for two consecutive school years, contingent upon state approval and negotiations.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-003 DEFICIENCY – STATE COMPLIANCE – IMMUNIZATIONS (40000)

Criteria: Verify that each pupil had two doses of a varicella vaccine and two doses of a measles vaccine as required by Title 17, California Code of Regulations section 6025 prior to admission, or has a current medical exemption from varicella and measles immunization on file. If the pupil had only one dose of either vaccine prior to admission, verify the second dose was received within four calendar months after the first dose.

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

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance with the Title 17, California Code of Regulations section 6025 due to the inconsistency noted.

Cause: The District improperly admitted the student and claimed average daily attendance in the period in which the second dose had not yet been received.

Fiscal impact: The impact of this error is a total of $6,263.

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

Views of Responsible Officials and Planned Corrective Action: The District has established deadlines for immunization compliance, as well as a number of guides and reports to use in monitoring immunization, that is communicated at the beginning of the school year to school sites and the centralized enrollment center. In the summer months, the District sends families personalized notices about missing immunizations. The District also provides a free SCUSD Immunization Clinic for qualified students that runs before school starts and on a weekly basis throughout the school year. In addition to this resources, the District Student Support and Health Services Department will provide a monthly report to each school site with the list of students who are not compliant for immunizations. The reports will be accompanied by a list of action steps to schools must take to ensure all students are compliant. To ensure accountability, the District Student Support and Health Services Department will follow-up directly with school sites who do not take action. The District will increase notifications and updates throughout the year to ensure new staff are up to date on immunization resources and required action steps.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-004 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL ATTENDANCE (10000)

Criteria: Verify that the number of school days reported on the Annual attendance report, which should not include any emergency closure days, corresponds to the number of school days on the school calendar and should not fall below 175 days pursuant to Education Code section 47612.

Condition: In the Spring of 2021-2022 fiscal year, the District's Charter Schools had a teacher strike in where 8 days of instructional time were not provided. As a result of these lost instructional days, the Bowling Green, George Washington Carver School of Arts and Science, and New Jospeph Bonnheim Charter Schools' total instructional days fell below the requirement of 175 days at 172 days. New Technology High Charter fell below the requirement of 175 days at 167 days.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance Education Code section 47612 due to the loss of instructional days noted.

Cause: The cause of the lost instructional days is due to the workforce strike.

Fiscal impact: The financial penalty due to the minimum number of school days of 175 days not being met is a total of $314,621. The District has properly accrued for this payable penalty as of June 30, 2022.

Recommendation: The District should ensure minimum number of days and minutes are met for the school year.

Views of Responsible Officials and Planned Corrective Action: The loss of instructional days and minutes was a result of a workforce strike. The District will work to ensure the minimum number of days and minutes are met for the school year. Additionally, the District has the ability to submit a waiver to the State Board of Education to make up the lost days by adding to the instructional calendar double the lost number of instructional days/minutes for two consecutive school years, contingent upon state approval and negotiations.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-005 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL ATTENDANCE (10000)

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

Condition: The District reported The Met Sacramento High School ADA as Classroom-Based ADA in the Second Period Report and Annual Report for the year ended June 30, 2022. The Met Sacarmento High School is a Nonclassroom-based program and the ADA should therefore, have been reported as Nonclassroom-based ADA.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance Education Code section 41601.

Cause: This was caused by a clerical error.

Fiscal impact: Not determinable.

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

Views of Responsible Officials and Planned Corrective Action: The District has identified the error and corrections necessary to accurately report the 2021-22 P-2 and Annual ADA for The Met. Management will revise the Second Period Report and the Annual Report and resubmit to the California Department of Education.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-006 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL – ANNUAL INSTRUCTIONAL MINUTES – CLASSROOM BASED (40000)

Criteria: Determine, by grade level, the total number of days in each sampled charter school's attendance calendar that were of at least the minimum length required, pursuant to Education Code section 47612.5(a)(1).

Condition: In the Spring of 2021-2022 fiscal year, the District's Charter Schools had a teacher strike in where 8 days of instructional time were not provided. As a result of these lost instructional days, the Bowling Green, George Washington Carver School of Arts and Science, and New Jospeph Bonnheim Charter Schools' total instructional days fell below the requirement of 175 days at 172 days. New Technology High Charter fell below the requirement of 175 days at 167 days. Relatively, the number of instructional minutes by grade level fell below the minimums instructional minutes required by Education Code 47612.5.

Grade Level	EC 47612.5 Statutory Requirement	Actual Minutes
Kindergarten	36,000	34,400
Grade 1	50,400	48,144
Grade 2	50,400	48,144
Grade 3	50,400	48,144
Grade 4	54,000	51,584
Grade 5	54,000	51,584
Grade 6	54,000	51,584
Grade 9	64,800	61,872
Grade 10	64,800	61,872
Grade 11	64,800	61,872
Grade 12	64,800	61,872

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance with Education Code section 47612.5(a)(1) due to the loss of instructional day and minutes noted.

Cause: The cause of the lost instructional days is due to the workforce strike.

Fiscal impact: The financial penalty due to the minimum number of school days of 175 days not being met is quantified above in Finding 2022-005. The financial penalty due to the minimums number of minutes by grade level not being met is a total of $463,970. The total fiscal impact is $778,591. The District has properly accrued for this payable penalty as of June 30, 2022.

Recommendation: The District should ensure minimum number of days and minutes are met for the school year.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

(Continued)

2022-006 DEFICIENCY – STATE COMPLIANCE –CHARTER SCHOOL – ANNUAL INSTRUCTIONAL MINUTES – CLASSROOM BASED (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action: The loss of instructional days and minutes was a result of a workforce strike. The District will work to ensure the minimum number of days and minutes are met for the school year. Additionally, the District has the ability to submit a waiver to the State Board of Education to make up the lost days by adding to the instructional calendar double the lost number of instructional days/minutes for two consecutive school years, contingent upon state approval and negotiations.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

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

Condition: Three individuals in the Accounting Services department have the ability to prepare and post journal entries into the financial system. This is a repeat finding of 2020-002.

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

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2022-001.

2021-002 STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Condition: At the following sites, Bowling Green Elementary and West Campus High, one or more attributes on the school accountability report card was not consistent with the information on the Facility Inspection Tool (FIT) for the site.

Recommendation: The District should ensure the school accountability report cards are completed appropriately based on the information of the most recent Facility Inspection Tool.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

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APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE COUNTY OF SACRAMENTO

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District or the Underwriter. The District comprises a large portion of the City of Sacramento (the "City"), small portions of the cities of Rancho Cordova and Elk Grove and adjacent areas of Sacramento County (the "County") The Bonds are only payable from ad valorem property taxes levied on property in the District. The following information is included only for the purpose of supplying general information regarding the area served by the District. The Bonds are not a debt of the City or the County.

General

The County was incorporated in 1850 as one of the original 27 counties of the State. The City is the largest city in the County and the seat of government for the State and also serves as the County Seat. The County encompasses approximately 1,015 square miles and is a long-established center of commerce for the surrounding area. Trade and services, federal, state and local government, and food processing are important economic sectors. Visitors and tourists are attracted to the State Capitol, historical sights and natural resources.

Population

The following table shows historical population statistics for the City and the County since 2018.

POPULATION
The City and the County
Calendar Years 2018 through 2022

Year[1]	City of Sacramento	County of Sacramento
2018	500,872	1,525,099
2019	507,490	1,538,054
2020	520,264	1,585,055
2021	517,824	1,579,186
2022	516,958	1,573,366

Based on 2010 Census benchmark and Population Estimates for Cities, Counties, and State for fiscal years 2018-2021 and 2020 Census benchmark for fiscal year 2022.
Source: *California State Department of Finance.*
[1] As of January 1 for 2018-2021 and April 1 for 2022.

Employment

The table below provides the California Employment Development Department's estimates of total annual civilian nonagricultural wage and salary employment by number of employees in each major industry in the County from calendar years 2018 through 2022.

WAGE AND SALARY EMPLOYMENT
County of Sacramento
Calendar Years 2018 through 2022(1)

Industry Category	2018	2019	2020	2021	2022
Mining and Logging	200	200	200	100	100
Construction	38,600	41,500	44,900	44,900	45,600
Manufacturing	21,200	21,800	21,800	22,400	23,200
Transportation, Warehousing & Utilities	17,400	18,800	19,800	21,900	24,500
Wholesale Trade	17,800	17,300	16,200	16,800	17,700
Retail Trade	64,300	63,200	59,100	62,800	63,400
Financial Activities(2)	33,200	33,400	33,000	32,800	32,900
Professional and Business Services	96,000	98,900	95,500	100,800	106,400
Educational and Health Services	112,200	116,600	115,600	118,700	123,200
Leisure and Hospitality	65,200	67,700	50,600	55,900	65,000
Other Services	23,300	24,100	21,200	22,100	24,300
Government	165,300	168,100	167,100	169,800	176,200
Total Nonagricultural(3)	665,500	681,900	651,600	678,900	712,700

(1) All figures are based on a March, 2022 benchmark.
(2) Includes finance, insurance, and real estate.
(3) Figures may not add to total due to independent rounding.
Source: *State of California Employment Development Department, Labor Market Information Division*.

The following table summarizes the labor force, employment and unemployment figures for the County, the State and the United States from 2018 through 2022.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT[1]
County of Sacramento, State of California and United States
2018 through 2022

Year and Area	Labor Force	Employment	Unemployment	Unemployment Rate[2]
2018				
Sacramento County	704,200	676,900	27,300	3.9%
California	19,289,500	18,469,900	819,600	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
Sacramento County	711,700	685,300	26,400	3.7%
California	19,413,200	18,617,900	795,300	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
Sacramento County	712,200	644,800	67,400	9.5%
California	18,971,600	17,047,600	1,924,000	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
Sacramento County	719,700	669,900	49,900	6.9%
California	18,973,400	17,586,300	1,387,100	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
Sacramento County	728,300	699,800	28,500	3.9%
California	19,252,000	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6

(1) Data reflects employment status of individuals by place of residence.
(2) Unemployment rate is based on unrounded data.
Source: *California State Employment Development Department and U.S. Bureau of Labor Statistics*.

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Personal Income

The following tables show the personal income and per capita personal income for the County, the State of California and the United States from 2018 through 2022.

PERSONAL INCOME
County of Sacramento, State of California, and United States
2018-2022
(Dollars in Thousands)

Year	County of Sacramento	California	United States
2018	$78,819,492	$2,431,773,900	$17,671,054,000
2019	83,515,309	2,567,425,600	18,575,467,000
2020	91,987,475	2,790,523,500	19,812,171,000
2021	98,241,828	3,006,183,900	21,288,709,000
2022[(1)]		3,018,471,100	21,804,787,500

(1) County level data for personal income is not yet available for 2022.
Source: *U.S. Department of Commerce, Bureau of Economic Analysis*. U.S. Bureau of Economic Analysis, SAINC1 State annual personal income summary: personal income, population, per capita personal income and CAINC1 County and MSA personal income summary: personal income, population, per capita personal income (accessed Thursday, September 7, 2023)

PER CAPITA PERSONAL INCOME[(1)]
County of Sacramento, State of California, and United States
2018-2022

Year	County of Sacramento	California	United States
2018	$50,502	$61,508	$53,786
2019	53,005	64,919	56,250
2020	57,991	70,643	59,763
2021	61,829	76,800	64,117
2022[(2)]		77,339	65,423

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
(2) County level data for personal income is not yet available for 2022.
Source: *U.S. Department of Commerce, Bureau of Economic Analysis.*

Major Employers

The following table sets forth the major employers in the County in 2023 in alphabetical order.

MAJOR EMPLOYERS
County of Sacramento
2023

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (manufacturers)
Agreeya Solutions	Folsom	Information Technology Services
Ampac Fine Chemicals LLC	Rancho Cordova	Electronic Equipment & Supplies-Manufacturers
Apple Distribution Center	Elk Grove	Distribution Centers (wholesale)
California State University Sacramento	Sacramento	Schools-Universities & Colleges Academic
Corrections Department	Sacramento	State Government-Correctional Institutions
Department of Transportation	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Department	Sacramento	Outplacement Consultants
Environmental Protection Agency	Sacramento	State Government-Environmental Programs
Intel Corp	Folsom	Semiconductor Devices (manufacturers)
Kaiser Permanente South	Sacramento	Hospitals
L A Care Health Plan	Sacramento	Health Plans
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Center	Carmichael	Hospitals
Sacramento Bee	Sacramento	Newspapers (publishers/manufacturers)
Securitas Security Services USA	Sacramento	Security Guard & Patrol Service
Sacramento Municipal Utility District	Sacramento	Electric Companies
State Compensation Ins Fund	Sacramento	Insurance
Summit Funding Inc.	Sacramento	Financing
Sutter Medical Center-Sacramento	Sacramento	Hospitals
Villara Building Systems	McClellan	Building Contractors
Water Resource Department	Sacramento	Government Offices-State

Source: *America's Labor Market Information System (ALMIS) Employer Database, 2023 2nd Edition*.

Commercial Activity

A summary of taxable sales within the County for years 2018 through 2022 is shown in the following table.

TAXABLE SALES
County of Sacramento
2018-2022
(Dollars in Thousands)

Year	Retail and Food Number of Outlets	Retail and Food Taxable Transactions	Total Number of Outlets	Total Outlets Taxable Transactions
2018	24,853	$17,593,375	39,066	$25,443,669
2019	25,530	18,195,304	40,858	26,836,365
2020	28,055	18,488,106	45,361	27,173,406
2021	25,936	23,795,032	42,482	33,918,020
2022	26,589	24,679,703	44,158	36,511,260

Source: *California Department of Tax and Fee Administration*, *Taxable Sales, Counties by Type of Business, July 28, 2023.*

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2018 through 2022 are shown in the following tables for the County and the City.

BUILDING PERMIT VALUATIONS
Sacramento County
2018-2022
(Dollars in Thousands)

	2018	2019	2020	2021	2022
Valuation ($000's)					
Residential	$1,504,930	$1,666,799	$1,738,674	$1,895,685	$1,969,991
Non-Residential	964,945	1,504,675	891,464	690,504	894,766
Total	$2,469,876	$3,171,474	$2,630,138	$2,586,190	$2,864,758
Units					
Single Family	3,589	3,981	3,588	4,205	3,832
Multiple Family	1,272	2,008	2,868	2,265	3,419
Total	4,861	5,989	6,456	6,471	7,251

Note: Totals may not add to sum because of rounding.
Source: *Construction Industry Research Board.*

BUILDING PERMIT VALUATIONS
City of Sacramento
2018-2022
(Dollars in Thousands)

	2018	2019	2020	2021	2022
Valuation ($000's)					
Residential	$ 610,884	$ 717,752	$ 894,165	$ 801,744	$640,717
Non-Residential	450,174	1,106,990	446,299	367,871	303,352
Total	$1,061,057	$1,824,742	$1,340,464	$1,169,645	$944,069
Units					
Single Family	1,608	1,552	956	1,150	952
Multiple Family	813	1,487	2855	1,993	1,619
Total	2,421	3,039	3811	3,143	2,571

Note: Totals may not add to sum because of rounding.
Source: *Construction Industry Research Board.*

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Sacramento City Unified School District (the "District") in connection with the execution and delivery of $9,020,000 aggregate principal amount of the District's 2024 General Obligation Refunding Bonds, Series A and $66,805,000 aggregate principal amount of the 2024 General Obligation Refunding Bonds, Series B (collectively, the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on November 2, 2023 (the "Resolution"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriter described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Loop Capital Markets LLC (the "Underwriter") in complying with Rule 15c2-12(b)(5) (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

"Bondholder" or "Holder" means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

"Dissemination Agent" shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent (or otherwise by the District), which Agent has evidenced its acceptance in writing. The initial Dissemination Agent shall be Dale Scott & Co. Inc.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Event" means any of the events listed in Section 6 of this Disclosure Agreement.

"Material Events Disclosure" means dissemination of a notice of a Material Event as set forth in Section 6.

"MSRB" shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at http://emma.msrb.org/, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated February 7, 2024 ("Final Official Statement").

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 9 months after the end of the District's fiscal year (currently ending June 30), which date would be April 1, commencing with the report for the fiscal year ending June 30, 2023, which would be due on April 1, 2024, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District, in a timely manner, shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding fiscal year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding fiscal year, or current fiscal year, if available at the time of filing the Annual Report (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) Adopted General Fund budget for the current fiscal year or most recent interim report;

(ii) Assessed valuations, as shown on the most recent equalized assessment roll;

(iii) Average Daily Attendance for the District for the last completed fiscal year; and

(iv) Secured tax charges and delinquencies, but only if the County terminates or discontinues the Teeter Plan within the District.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Significant Events.

(a) The District agrees to provide or cause to be provided to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bonds not later than ten (10) Business Days after the occurrence of the event:

(i) Principal and interest payment delinquencies.

(ii) Unscheduled draws on any debt service reserves reflecting financial difficulties.

(iii) Unscheduled draws on any credit enhancements reflecting financial difficulties.

(iv) Substitution of or failure to perform by any credit provider.

(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender Offers;

(vii) Defeasances;

(viii) Rating changes;

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person; or

(x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the District which reflect financial difficulties.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) Business Days after the occurrence of the event:

(i) Unless described in paragraph 6(a)(v) hereof, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) Modifications of rights to Bondholders;

(iii) Bond calls;

(iv) Release, substitution or sale of property securing repayment of the Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(vii) Appointment of a successor or additional Paying Agent or Trustee or the change of name of a Paying Agent or Trustee; or

(viii) Incurrence of a financial obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 4 hereof, as provided in Section 4(b) hereof.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 6(a) hereof, or determines that knowledge of a Listed Event described in Section 6(b) hereof would be material under applicable federal securities laws, the District shall within ten (10) Business Days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the

Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: ______, 2024

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By:____
Superintendent

ACCEPTANCE OF DUTIES AS DISSEMINATION AGENT:

DALE SCOTT & CO., INC.

By: ____________________________________
Authorized Representative

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Sacramento City Unified School District

Name of Issue: $9,020,000 2024 General Obligation Refunding Bonds, Series A; and
$66,805,000 2024 General Obligation Refunding Bonds, Series B

Date of Issuance: February 22, 2024

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated February 22, 2024. The Issuer anticipates that the Annual Report will be filed by ___________________.

Dated: __________________________

[ISSUER/DISSEMINATION AGENT]

By:____

APPENDIX E

SACRAMENTO COUNTY TREASURY POOL AND INVESTMENT POLICY STATEMENT

Neither the District nor the Underwriter has made an independent investigation of the investments in the Investment Pool and has made no assessment of the current County Investment Policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Director of Finance, after a review by the Committee and approval by the County Board may change the County Investment Policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described therein.

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2024

Approved by the
Sacramento County Board of Supervisors

December 5, 2023
Resolution No. 2023-0979

Table of Contents

SACRAMENTO COUNTY

Annual Investment Policy

of the Pooled Investment Fund

CALENDAR YEAR 2024

I. Authority

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

II. Policy Statement

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

III. Standard of Care

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

IV. Investment Objectives

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

A. Safety of Principal

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

B. Liquidity

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

C. Public Trust

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

V. Pooled Investment Fund Investors

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts and joint powers authorities whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

VI. Implementation

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually at a public meeting.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

All securities purchased, with the exception of bank deposits, money market mutual funds, and LAIF, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

IX. Investment Parameters

A. Investable Funds

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all funds held in separate portfolios.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds in securities with maturities beyond one year. These securities will be referred to as the Core Portfolio.

B. Authorized Investments

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity except for securities issued by, or backed by, the United States government during a period of negative market interest rates. Prohibited investments shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are any component companies in the Dow Jones U.S. Tobacco Index or the NYSE Arca Tobacco Index.

D. Credit Requirements

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor’s, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer’s long-term credit ratings shall be at or above A by Standard & Poor’s, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor’s, MIG1 by Moody’s, and, if available, F1 by Fitch.

Community Reinvestment Act Program Credit Requirements

<table>
<tr><th>Maximum Amount</th><th colspan="3">Minimum Requirements</th></tr>
<tr><td rowspan="2">Up to the FDIC- or NCUSIF-insured limit for the term of the deposit</td><td colspan="3"><u>Banks</u> — FDIC Insurance Coverage</td></tr>
<tr><td colspan="3"><u>Credit Unions</u> — NCUSIF Insurance Coverage
Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</td></tr>
<tr><td>Over the FDIC- or NCUSIF-insured limit</td><td>(Any 2 of 3 ratings)
S&P: A-2
Moody’s: P-2
Fitch: F-2

Collateral is required</td><td>OR</td><td>Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.</td></tr>
</table>

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from their federal regulator. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must either have a letter of credit issued by the Federal Home Loan Bank of San Francisco or place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate a commitment to community reinvestment lending and charitable activities comparable to what is required of banks.

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars ($1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor’s, Moody’s, and Fitch.

E. Maximum Maturities

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly-liquid investments, such as U.S. Treasury and Agency obligations, should be maintained to accommodate unforeseen withdrawals.

The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:

U.S. Treasury and Agency Obligations	5 years
Washington Supranational Obligations[1]	5 years
Municipal Notes	5 years
Registered State Warrants	5 years
Bankers Acceptances	180 days
Commercial Paper	270 days
Negotiable Certificates of Deposit	270 days
CRA Bank Deposit/Certificates of Deposit	1 year
Repurchase Agreements	1 year
Reverse Repurchase Agreements	92 days
Medium-Term Corporate Notes	180 days
Collateralized Mortgage Obligations	180 days

[1] The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than U.S. Treasury and Agency obligations. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations	100%
Municipal Notes	80%
Registered State Warrants	80%
Bankers Acceptances	40%
Commercial Paper	40%
Washington Supranational Obligations	30%
Negotiable Certificates of Deposit and CRA Deposit/Certificates of Deposit	30%
Repurchase Agreements	30%
Reverse Repurchase Agreements	20%
Medium-Term Corporate Notes	30%
Money Market Mutual Funds	20%
Collateralized Mortgage Obligations	20%
Local Agency Investment Fund (LAIF)	(per State limit)

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

Excluding U.S. Treasury and Agency obligations, no more than 10% of the portfolio, may be invested in securities of a single issuer including its related entities.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

G. Repurchase Agreements

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasury and Agency obligations with a market value of 102% for collateral marked to market daily; or (2) money market instruments on the Approved Lists of the County that meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be U.S. Treasury and Agency obligations valued at 110%, or mortgage-backed securities valued at 150%.

H. Community Reinvestment Act Program

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of $90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions that support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities that have been placed on the Approved List of brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers that have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four-year period to the Director of Finance, any member of the Board of Supervisors, or any candidate for the Board of Supervisors, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

J. Investment Guidelines, Management Style and Strategy

The Investment Group shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

K. Approved Lists

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

L. Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

X. Reviewing, Monitoring and Reporting of the Portfolio

The Review Group will prepare and present to the Director of Finance at least monthly a comprehensive review and evaluation of the transactions, positions, performance of the Pooled Investment Fund and compliance to the California Government Code, Policy, and Investment Guidelines.

Quarterly, the Director of Finance will provide to the Board of Supervisors, the Oversight Committee, and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. The report will also be posted on the Department of Finance website. Pursuant to California Government Code section 53646, the report will list the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value, and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

XI. Withdrawal Requests for Pooled Fund Investors

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will be at the market value of the Pooled Investment Fund on the date of the withdrawal.

XII. Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of $50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is $590 for the period January 1, 2023, to December 31, 2024. Any violation must be reported to the State Fair Political Practices Commission.

XIII. Terms and Conditions for Outside Investors

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the Sacramento County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. Any withdrawal of these deposits must be made in writing 30 days in advance and will be paid based upon the market value of the Pooled Investment Fund. If the Director of Finance considers it appropriate, the deposits may be returned at any time to the local agency.

Appendix A

Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings			
Rating Interpretation	**Moody's**	**S&P**	**Fitch**
Best-quality grade	Aaa	AAA	AAA
High-quality grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-
Poor Grade to Default	Caa	CCC+	CCC
In Poor Standing	- -	CCC CCC-	- -
Highly Speculative Default	Ca C	CC -	CC -
Default	- - -	- - D	DDD DD D

Short Term / Municipal Note Investment Grade Ratings			
Rating Interpretation	**Moody's**	**S&P**	**Fitch**
Superior Capacity	MIG-1	SP-1+/SP-1	F1+/F1
Strong Capacity	MIG-2	SP-2	F2
Acceptable Capacity	MIG-3	SP-3	F3

Appendix A

Short Term / Commercial Paper Investment Grade Ratings			
Rating Interpretation	**Moody's**	**S&P**	**Fitch**
Superior Capacity	P-1	A-1+/A-1	F1+/F1
Strong Capacity	P-2	A-2	F2
Acceptable Capacity	P-3	A-3	F3

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in St. Paul, Minnesota. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least $1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

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APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)