SUPPLEMENT DATED DECEMBER 10, 2019
TO OFFICIAL STATEMENT DATED NOVEMBER 21, 2019

relating to

$30,900,000
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(County of Sacramento, State of California)
GENERAL OBLIGATION BONDS,
ELECTION OF 2012 (MEASURE R), 2019 SERIES D

This Supplement, dated December 10, 2019 (the "Supplement"), to the Official Statement, dated November 21, 2019 (the "Official Statement"), relating to the $30,900,000 aggregate principal amount of Sacramento City Unified School District (County of Sacramento, State of California) General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the "Bonds"), is intended to be read in conjunction with the Official Statement. This Supplement constitutes an integral part of the Official Statement and recipients are requested to attach this Supplement to the Official Statement.

The paragraph under the heading "RISK FACTORS – State Audit" on page thirty (30) of the Official Statement is replaced in its entirety with the following:

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 past five fiscal years and identify current causes of the District's fiscal distress. The State Audit began on May 1, 2019 and was released on December 10, 2019.

The State Audit discusses the District's financial challenges and, in particular, the projected $19.1 million general fund shortfall in fiscal year 2021–22. The State Audit also highlights the District's significant increases in spending for teacher salaries, benefits, and special education, and indicates that such increases have led in part to the District's current fiscal distress. The State Audit notes that the District has yet to reach a solution to its financial problems with its labor organizations, and suggests that the District will need to work with its labor organizations to avoid fiscal insolvency.

The State Audit recommends that by March 2020 the District adopt a detailed plan to resolve its fiscal challenges. In particular, the State Audit advises that the District consider the impact of possible salary adjustments for employees in different bargaining units and include the impact those salary adjustments would have on retiree benefits, such as pensions. The State Audit recommends the District estimate net savings from modifying the health care benefits it provides to employees, the effect those modifications would have on the total compensation of the employees, and the impact of possible changes to District and employee contributions to fund future retiree health benefits. The State Audit proposes that the District use the plan it develops as the basis for its discussions of potential solutions with its labor organizations.

For further information, investors are directed to read the full version of the State Audit, which is publicly available on the Auditor of the State of California's website at the following address: https://www.auditor.ca.gov/pdfs/reports/2019-108.pdf. The information referred to is prepared by Office of the Auditor of the State of California 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.

Capitalized terms used in this Supplement but not otherwise defined herein are defined in the Official Statement.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

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NEW ISSUE – BOOK-ENTRY ONLY

INSURED RATING: S&P: "AA"
UNDERLYING RATING: Moody's: "A2"
(See "MISCELLANEOUS – Ratings.")

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$30,900,000
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(County of Sacramento, State of California)
GENERAL OBLIGATION BONDS,
ELECTION OF 2012 (MEASURE R), 2019 SERIES D

Dated: Date of Delivery **Due: As shown on the inside cover**

This cover page is not a summary of this issue; it is only a reference to the information contained in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the "**Bonds**") are being issued by the Sacramento City Unified School District (the "**District**") located in the County of Sacramento (the "**County**") and sold by the County on behalf of the District, pursuant to a resolution adopted by the Board of Supervisors of the County on October 8, 2019, a resolution adopted by the Board of Education of the District on August 15, 2019, and a Paying Agent Agreement, dated as of December 1, 2019, by and between the District and the County, as Paying Agent thereunder (the "**Paying Agent**"), for the purpose of providing funds to (i) finance specific construction, acquisition and modernization projects approved by the voters (as described herein), and (ii) pay the costs of issuance of the Bonds. The Board of Supervisors of the County is empowered and is obligated to 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 principal of and interest on the Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

The Bonds will be issued as current interest bonds. Interest on the Bonds is payable commencing on February 1, 2020, and on each August 1 and February 1 thereafter to maturity or redemption prior thereto. Principal of the Bonds is payable in each of the years and in the amounts set forth in the Maturity Schedule on the inside cover of this Official Statement. Payments of principal of and interest on the Bonds will be made by the Paying Agent to The Depository Trust Company, New York, New York ("**DTC**"), for subsequent disbursement to DTC Participants, who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Payment of Principal and Interest" and APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

The Bonds will be issued in denominations of $5,000 principal amount, or any integral multiple thereof as shown on the inside front cover hereof.

The Bonds will be issued in book-entry form only, and initially will be issued and registered in the name of Cede & Co., as nominee of DTC. Purchasers will not receive certificates representing their interests in the Bonds. See "THE BONDS – Form and Registration."

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

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

MATURITY SCHEDULE
See Inside Cover

The Bonds will be offered when, as and if issued by the District and received by the Underwriter, subject to approval of their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, and by Lozano Smith, as District Counsel. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Denver Colorado. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York, on or about December 12, 2019.

STIFEL

This Official Statement is dated November 21, 2019.

MATURITY SCHEDULE

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(County of Sacramento, State of California)

$30,900,000
GENERAL OBLIGATION BONDS,
ELECTION OF 2012 (MEASURE R), 2019 SERIES D

Maturity (August 1)	Principal Amount	Interest Rate	Yield*	CUSIP† No. (785870)
2020	$2,800,000	3.000%	1.120%	YW0
2021	5,300,000	4.000	1.220	YX8
2022	480,000	4.000	1.250	YY6
2023	500,000	4.000	1.270	YZ3
2024	520,000	4.000	1.310	ZA7
2025	540,000	4.000	1.360	ZB5
2026	565,000	4.000	1.420	ZC3
2027	585,000	4.000	1.480	ZD1
2028	610,000	4.000	1.600	ZE9
2029	635,000	4.000	1.740	ZF6
2030	660,000	5.000	1.850C	ZG4
2031	690,000	5.000	1.950C	ZH2
2032	725,000	5.000	2.040C	ZJ8
2033	760,000	2.375	2.640	ZK5
2034	780,000	2.500	2.730	ZL3
2035	800,000	2.500	2.770	ZM1
2036	820,000	2.500	2.810	ZN9
2037	840,000	2.625	2.850	ZP4
2038	860,000	2.625	2.880	ZQ2
2039	885,000	4.000	2.560C	ZR0

$10,545,000 3.000% Term Bonds due August 1, 2049 Yield* 3.050% CUSIP No.† 785870 ZS8

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* Yields certified by the Underwriter. The District takes no responsibility therefor.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2019 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Underwriter or their agents or counsel assumes responsibility for the accuracy of such numbers.

C Yield to the first optional par call date of August 1, 2029.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COUNTY OF SACRAMENTO, CALIFORNIA

BOARD OF EDUCATION

Jessie Ryan, *President*
Darrel Woo, *First Vice President*
Michael Minnick, *Second Vice President*
Leticia Garcia, *Member*
Lisa Murawski, *Member*
Christina Pritchett, *Member*
Mai Vang, *Member*
Olivia Ang-Olson, *Student Member*

DISTRICT ADMINISTRATION

Jorge A. Aguilar, *Superintendent*
Lisa Allen, *Deputy Superintendent*
Rose Ramos, *Chief Business Officer*
Vacant, *Chief Operations Officer, Facilities Support Services*
Iris Taylor, Ed.D., *Chief Academic Officer*
Alex Barrios, *Chief Communications Officer*
Elliot Lopez, *Chief Information Officer*
Cancy McArn, *Chief Human Resource Officer*
Vincent Harris, *Chief Continuous Improvement & Accountability Officer*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
San Francisco, California

District's General Counsel

Lozano Smith
Sacramento, California

Underwriter's Counsel

Kutak Rock LLP
Denver, Colorado

Municipal Advisor

Capitol Public Finance Group, LLC
Roseville, California

Paying Agent

Sacramento County Director of Finance
Sacramento, California

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds by the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Bonds are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Bonds in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. 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. 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. 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 those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

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

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds 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 and dealer banks and banks acting as agent at prices lower than the public offering price stated on the inside cover page hereof and said public offering price may be changed from time to time by the Underwriter.

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 a part of, its responsibility 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.

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 H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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$30,900,000
SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
(County of Sacramento, State of California)
GENERAL OBLIGATION BONDS,
ELECTION OF 2012 (MEASURE R), 2019 SERIES D

INTRODUCTION

This Official Statement, which includes the cover page, the inside cover and appendices hereto (the "**Official Statement**"), is provided to furnish information in connection with the Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the "**Bonds**"), as described more fully herein.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Except as required by the Continuing Disclosure Certificate to be executed by the Sacramento City Unified School District (the "**District**"), the District has no obligation to update the information in this Official Statement. See "OTHER LEGAL MATTERS – Continuing Disclosure."

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 to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

Quotations from and summaries and explanations of the Bonds, paying agent agreement for the Bonds, dated as of December 1, 2019 (the "**Paying Agent Agreement**"), by and between the District and the County of Sacramento (the "**Paying Agent**"), providing for the issuance of the Bonds, and the California Constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, California Constitutional provisions and statutes for the complete provisions thereof.

Copies of documents referred to herein and information concerning the Bonds are available from the Sacramento City Unified School District, 5735 47th Avenue, Sacramento, CA 95824. The District may impose a charge for copying, handling and mailing such requested documents.

The District

The District, located in Sacramento County, California (the "**County**"), is the 13th largest school district in the State of California (the "**State**") as measured by student enrollment. The District provides educational services to the residents in and around the City of Sacramento (the "**City**"), the State capital, serving a residential population of approximately 350,000 persons. The District operates under the jurisdiction of the Superintendent of Schools of the County. See "THE BONDS – Authority for Issuance; Purpose" herein. The District's average daily attendance for fiscal year 2019-20 is budgeted at 38,417 students and the District's 2019-20 general fund expenditures are projected at approximately $578.8 million.

The District operates 42 elementary schools for grades K-6, seven K-8 schools, six middle schools for grades 7-8, two 7-12 schools, seven comprehensive high schools for grades 9-12, three alternative education centers, two special education centers, two adult education centers, 15 charter schools (including five dependent charter schools) and 33 children's centers/preschools serving infants through age 12. The District's estimated enrollment for fiscal year 2019-20, including charter schools in the District, is approximately 40,235 students. For fiscal year 2019-20, the District budgets to employ approximately 3,707.0 full time equivalent employees, which includes 2,204.2 certificated (credentialed teaching) employees, 1,238.9 FTE classified (noninstructional) employees, and 263.9 supervisory/other personnel.

The District is governed by a Board of Education (the "**Board**") consisting of seven members and one student member, who has an advisory vote. The regular members are elected to staggered four-year terms every two years, alternating between three and four available positions. Beginning in 2008, Board member elections are held among voters who reside in each of seven trustee areas. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

The day-to-day operations are managed by a Board-appointed Superintendent of Schools. Jorge A. Aguilar was appointed Superintendent of the District on July 1, 2017. Prior to serving as Superintendent, Mr. Aguilar was the Associate Superintendent for Equity and Access at Fresno Unified School District. In his career, Superintendent Aguilar has also served as an Associate Vice Chancellor for Educational and Community Partnerships and Special Assistant to the Chancellor at the University of California, Merced; as a Spanish teacher at South Gate High School; and a legislative fellow in the State Capitol. Mr. Aguilar has over 20 years of experience in the field of K-12 and higher education and holds a Bachelor of Arts from the University of California, Berkeley, and a Juris Doctor degree from Loyola Law School.

For additional information about the District's operations and finances, see "RISK FACTORS" and APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET."

THE BONDS

Authority for Issuance; Purpose

The Bonds are being issued by the District and sold by the County on behalf of the District pursuant to the Constitution and laws of the State, including Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State (the "**Government Code**") and Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the Education Code of the State (the "**Education Code**") and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Supervisors of the County on October 8, 2019 (the "**County Resolution**"), at the request of the District by its resolution, adopted by the Board of Education of the District on August 15, 2019 (the "**District Resolution**"). The Bonds are issued pursuant to that certain paying agent agreement, dated as of December 1, 2019, by and between the District and the County (the "**Paying Agent Agreement**").

The Bonds were authorized to be issued at an election held on November 6, 2012, by 55% or more of the votes cast by eligible voters within the District for a bond measure known locally as "Measure R." Measure R authorizes the District to issue bonds in an aggregate principal amount not to exceed $68,000,000 to improve the health and safety of children, repair playgrounds and playfields to meet modern safety standards, improve physical education facilities and bathrooms, improve irrigation systems and water drainage to reduce water consumption, remove asbestos, lead paint and other unsafe conditions and to upgrade kitchen facilities to improve nutrition and nutritional education for children. The Bonds are the fourth series to be issued pursuant to the Measure R authorization. After the issuance of the Bonds, none will remain to be issued by the District pursuant to the Measure R authorization.

As required by the Education Code of the State and the Measure R authorization, the District established a Citizens' Oversight Committee to review the District's expenditure of bond proceeds and its progress in completing the projects specified in the measure, and to make periodic reports to the public in order to ensure that bond funds are spent only for authorized purposes.

The Bonds are being issued to (i) finance specific construction, acquisition and modernization projects approved by the voters in the Measure R election held on November 6, 2012, and (ii) pay costs of issuance of the Bonds. See "– Application and Investment of Bond Proceeds."

Form and Registration

The Bonds will be issued in fully registered book-entry form only, as current interest bonds without coupons, in denominations of $5,000 principal amount each or any integral multiple thereof. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), New York, New York. DTC will act as securities depository for the Bonds. Registered ownership of the Bonds may not be transferred except as described in APPENDIX G. Purchases of Bonds under the DTC system must be made by or through a DTC participant, and ownership interests in Bonds or any transfer thereof will be recorded as entries on the books of said participants. Except in the event that use of this book-entry system is discontinued for the Bonds, beneficial owners will not receive physical certificates representing their ownership interests. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

The Bonds will be dated the date of their delivery and bear interest at the rates set forth on the inside cover page hereof, payable on February 1 and August 1 of each year, commencing on February 1, 2020 (each, an "**Interest Payment Date**"), until payment of the principal amount thereof, computed using a year of 360 days consisting of twelve 30-day months. Bonds authenticated and registered on any date prior to the close of business on January 15, 2020, will bear interest from the date of their delivery. Bonds authenticated during the period between the 15th day of the calendar month immediately preceding an Interest Payment Date (the "**Record Date**") and the close of business on that Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Payment of interest on any Bond on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof as of the preceding Record Date, such interest to be paid by check or draft mailed to such owner at such owner's address as it appears on such registration books or at such other address as the owner may have filed with the Paying Agent for that purpose on or before the Record Date. The owner of an aggregate principal amount of $1,000,000 or more of Bonds may request in writing to the Paying Agent that such owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the applicable Record Date.

Principal will be payable at maturity, as set forth on the inside cover page, or upon redemption prior to maturity, upon surrender of Bonds at such office of the Paying Agent as the Paying Agent will designate. The interest, principal and premiums, if any, on the Bonds will be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the District (the "**Interest and Sinking Fund**") within the County Treasury, consisting of *ad valorem* property taxes collected and held by the Director of Finance of the County (the "**Director of Finance**"), together with any net premium and accrued interest received upon issuance of the Bonds.

So long as all outstanding Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal of, premium, if any, and interest on the Bonds and all notices with respect to such Bonds will be made and given, respectively, to such securities depository or its nominee and not to beneficial owners. So long as the Bonds are held by Cede & Co., as nominee of DTC, payment will be made by wire transfer.

Redemption

Optional Redemption of Bonds. The Bonds maturing on or before August 1, 2029, are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on and after August 1, 2030, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date, on or after August 1, 2029. The Bonds will be redeemed at a price equal to 100% of the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The $10,545,000 Term Bond maturing on August 1, 2049, is also subject to mandatory sinking fund redemption on each mandatory sinking fund redemption date and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption:

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount to Be Redeemed
2040	$ 920,000
2041	950,000
2042	975,000
2043	1,005,000
2044	1,035,000
2045	1,065,000
2046	1,100,000
2047	1,130,000
2048	1,165,000
2049*	1,200,000

*Maturity.

The principal amount to be redeemed in each year shown in the table above will be reduced proportionately, at the option of the District, in integral multiples of $5,000, by the amount of such Term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, such bonds shall be redeemed as directed by the District, and if not so directed, in inverse order of maturities, and if less than all of the Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be redeemed as directed by the District, and if not so directed, shall be determined by lot.

Notwithstanding anything herein to the contrary, so long as Cede & Co., as the nominee of DTC, or any substitute depository for the Bonds is the registered owner to the Bonds, the selection of Bonds held by beneficial owners in book-entry form for redemption will be made by DTC or such substitute depository for the Bonds pursuant to the procedures of DTC or the substitute depository for the Bonds. The procedures of DTC or the substitute Depository for the Bonds may not be consistent with the procedures outlined above. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Notice of Redemption. Notice of redemption of any Bond is required to be given by the Paying Agent, upon written request of the District, not less than 20 nor more than 60 days prior to the redemption date (i) by first class mail to the respective owners of any Bond designated for redemption at their addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Each notice of redemption is required to contain the following information: (i) the date of such notice; (ii) the name of the affected Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price (if available); (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the then outstanding Bonds are to be called for redemption, the distinctive serial numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the owners at such office of the Paying Agent designated by the Paying Agent; and (x) notice that further interest on such Bonds will not accrue after the redemption date. A certificate of the Paying Agent or the District that notice of call and redemption has been given to owners and to the appropriate securities depositories as provided in the Paying Agent Agreement will be conclusive against all parties. The actual receipt by the owner of any Bond or by any securities depository of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

Effect of Notice of Redemption. When notice of redemption has been given substantially as provided for in the Paying Agent Agreement, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in the Paying Agent Agreement, the Bonds designated for redemption will become due and payable on the specified redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The owners of such Bonds called for redemption after such redemption date will look for the payment of such Bonds and the redemption premium thereon, if any, only to moneys on deposit for such purpose in the Interest and Sinking Fund of the District or the escrow fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Right to Rescind Notice. 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 will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will 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 will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Conditional Notice. Any notice of optional redemption may be conditioned on any fact or circumstance stated therein, and if such condition will not have been satisfied on or prior to the redemption date stated in such notice, said notice will be of no force and effect on and as of the stated redemption date, the redemption will be cancelled, and the District will not be required to redeem the Bonds that were the subject of the notice. The Paying Agent will give notice of such cancellation and the reason therefor 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 cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation.

Defeasance of Bonds

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest accrued thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the District pays or causes to be paid or there is otherwise paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by Bonds when due, or as described above, or as otherwise provided by law, then such Owners will cease to be entitled to the obligation of the County to levy and collect taxes to pay the Bonds and such obligation and all agreements and covenants of the District to such Owners under the Paying Agent Agreement will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided that the unclaimed moneys provisions described below will apply in all events.

Unclaimed Moneys

Any money held in any fund created pursuant to the Paying Agent Agreement or by the Paying Agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) will be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from said fund; or, if no such bonds of the District are at such time outstanding, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Bond Insurance

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (the "Insurer" or "BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement. See "BOND INSURANCE" and APPENDIX H – "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

Application and Investment of Bond Proceeds

The proceeds from the sale of the Bonds, exclusive of any premium and accrued interest received, if any, will be deposited in the County treasury to the credit of the building fund of the District (the "**Building Fund**"). Any premium or accrued interest received will be deposited in the Interest and Sinking Fund in the County treasury. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Interest and Sinking Fund may only be applied to make payments of interest, principal, and premium, if any, on bonds of the District.

All funds held by the Director of Finance under the District Resolution, the County Resolution and the Paying Agent Agreement will be invested in the Director of Finance's investment pool, the State Treasurer's Local Agency Investment Fund, or any investment authorized pursuant to Sections 53601 and 53635 of the Government Code, all pursuant to law and the investment policy of the County. At the written direction of the District, all or any portion of the Building Fund may be invested in the Local Agency Investment Fund in the treasury of the State, and all or any portion of the Building Fund may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of Section 148 of the Internal Revenue Code of 1986 (the "**Code**") and the requirements of each rating agency then rating the Bonds (if any) necessary to maintain the then-current rating on the Bonds. For information on the County's investment policy, see APPENDIX F – "COUNTY OF SACRAMENTO INVESTMENT POLICY AND INVESTMENT REPORT."

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ESTIMATED SOURCES AND USES OF FUNDS

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

	The Bonds
Sources of Funds	
Principal Amount of Bonds	$30,900,000.00
Net Original Issue Premium	1,331,988.50
Total Sources:	$32,231,988.50
Uses of Funds	
Deposit to Building Fund	$30,710,000.00
Deposit to Interest and Sinking Fund	942,481.41
Underwriter's Discount	169,950.00
Costs of Issuance[1]	409,557.09
Total Uses:	$32,231,988.50

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(1) Includes fees of bond counsel, disclosure counsel, the rating agency, the paying agent, the municipal advisor, the costs of issuance custodian and printer, the Policy premium and other miscellaneous expenses.

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SCHEDULED DEBT SERVICE

Semi-Annual Debt Service of the Bonds

The District's semi-annual debt service payments for the Bonds (without regard to optional redemption) are summarized in the table below.

Period Ending	Principal	Interest	Total Semi-Annual Debt Service
2/1/2020	-	$143,131.04	$ 143,131.04
8/1/2020	$2,800,000	525,787.50	3,325,787.50
2/1/2021	-	483,787.50	483,787.50
8/1/2021	5,300,000	483,787.50	5,783,787.50
2/1/2022	-	377,787.50	377,787.50
8/1/2022	480,000	377,787.50	857,787.50
2/1/2023	-	368,187.50	368,187.50
8/1/2023	500,000	368,187.50	868,187.50
2/1/2024	-	358,187.50	358,187.50
8/1/2024	520,000	358,187.50	878,187.50
2/1/2025	-	347,787.50	347,787.50
8/1/2025	540,000	347,787.50	887,787.50
2/1/2026	-	336,987.50	336,987.50
8/1/2026	565,000	336,987.50	901,987.50
2/1/2027	-	325,687.50	325,687.50
8/1/2027	585,000	325,687.50	910,687.50
2/1/2028	-	313,987.50	313,987.50
8/1/2028	610,000	313,987.50	923,987.50
2/1/2029	-	301,787.50	301,787.50
8/1/2029	635,000	301,787.50	936,787.50
2/1/2030	-	289,087.50	289,087.50
8/1/2030	660,000	289,087.50	949,087.50
2/1/2031	-	272,587.50	272,587.50
8/1/2031	690,000	272,587.50	962,587.50
2/1/2032	-	255,337.50	255,337.50
8/1/2032	725,000	255,337.50	980,337.50
2/1/2033	-	237,212.50	237,212.50
8/1/2033	760,000	237,212.50	997,212.50
2/1/2034	-	228,187.50	228,187.50
8/1/2034	780,000	228,187.50	1,008,187.50
2/1/2035	-	218,437.50	218,437.50
8/1/2035	800,000	218,437.50	1,018,437.50
2/1/2036	-	208,437.50	208,437.50
8/1/2036	820,000	208,437.50	1,028,437.50
2/1/2037	-	198,187.50	198,187.50
8/1/2037	840,000	198,187.50	1,038,187.50
2/1/2038	-	187,162.50	187,162.50
8/1/2038	860,000	187,162.50	1,047,162.50
2/1/2039	-	175,875.00	175,875.00
8/1/2039	885,000	175,875.00	1,060,875.00
2/1/2040	-	158,175.00	158,175.00
8/1/2040	920,000	158,175.00	1,078,175.00
2/1/2041	-	144,375.00	144,375.00
8/1/2041	950,000	144,375.00	1,094,375.00
2/1/2042	-	130,125.00	130,125.00
8/1/2042	975,000	130,125.00	1,105,125.00
2/1/2043	-	115,500.00	115,500.00
8/1/2043	1,005,000	115,500.00	1,120,500.00
2/1/2044	-	100,425.00	100,425.00
8/1/2044	1,035,000	100,425.00	1,135,425.00
2/1/2045	-	84,900.00	84,900.00
8/1/2045	1,065,000	84,900.00	1,149,900.00
2/1/2046	-	68,925.00	68,925.00
8/1/2046	1,100,000	68,925.00	1,168,925.00
2/1/2047	-	52,425.00	52,425.00
8/1/2047	1,130,000	52,425.00	1,182,425.00
2/1/2048	-	35,475.00	35,475.00
8/1/2048	1,165,000	35,475.00	1,200,475.00
2/1/2049	-	18,000.00	18,000.00
8/1/2049	1,200,000	18,000.00	1,218,000.00
Total	$30,900,000	$13,454,968.54	$44,354,968.54

Combined Debt Service

The District has previously issued its General Obligation Bonds, Election of 2002, Series 2007; its General Obligation Bonds (Measures Q and R), (Election of 2012), 2013 Series A (Tax-Exempt); its General Obligation Bonds (Measures Q and R), (Election of 2012), 2013 Series B (Qualified School Construction Bonds) (Taxable); its General Obligation Bonds (Measure Q), (Election of 2012), 2015 Series C-1 (Tax-Exempt); its General Obligation Bonds (Measure Q), (Election of 2012), 2015 Series C-2 (Taxable); its General Obligation Bonds, Election of 2012 (Measure Q), 2016 Series D; its General Obligation Bonds, Election of 2012 (Measure Q), 2017 Series E; its General Obligation Bonds, Election of 2012 (Measure R), 2017 Series C; and its General Obligation Bonds, Election of 2012 (Measure Q), 2018 Series F (Bank Qualified). In addition, refunding bonds were issued in 2011, 2012, 2014 and 2015 which were used to refinance or redeem certain prior outstanding bonds. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Debt Structure." Annual debt service obligations for all outstanding bonds of the District (without regard to optional redemption prior to maturity) will be as follows:

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

Period Ending[1]	General Obligation Bonds Election of 2002, Series 2007[2]	General Obligation Bonds (Measures Q and R) Election of 2012, 2013 Series A[3][4]	General Obligation Bonds (Measures Q and R) Election of 2012, 2013 Series B[3][5]	2011 General Obligation Refunding Bonds[2]	2012 General Obligation Refunding Bonds[2]	2014 General Obligation Refunding Bonds[2]	2015 General Obligation Refunding Bonds[2]	General Obligation Bonds (Measure Q) Election of 2012, 2015 Series C[3]	General Obligation Bonds Election of 2012 (Measure Q), 2016 Series D[3]
2020	-	$967,338	$3,926,667	$7,267,875	$10,508,463	$4,731,350	$4,126,250	$4,687,900	$810,600
2021	-	966,738	3,926,667	7,266,875	10,539,713	4,914,350	4,309,500	4,687,850	805,000
2022	-	965,538	3,926,667	7,265,875	10,342,713	5,100,600	4,556,750	4,687,250	808,000
2023	$5,065,000	968,738	3,926,667	7,267,125	6,637,963	5,294,100	929,000	4,688,650	811,400
2024	5,225,000	966,138	3,926,667	7,269,875	6,880,838	5,488,600	929,000	4,686,400	807,700
2025	5,510,000	968,388	3,926,667	7,268,375	6,665,350	5,698,100	929,000	4,684,150	808,900
2026	5,725,000	969,388	3,926,667	7,267,125	6,765,100	5,910,850	929,000	4,686,650	806,900
2027	6,280,000	967,875	3,926,667	2,280,775	10,584,100	6,125,600	929,000	4,688,400	808,500
2028	6,525,000	970,050	3,926,667	4,136,825	9,197,300	-	6,629,000	4,684,150	809,300
2029	6,765,000	965,650	3,926,667	1,440,075	11,902,100	-	6,829,000	4,683,900	809,300
2030	7,015,000	969,938	3,926,667	-	8,926,500	-	7,029,750	4,687,150	808,500
2031	9,525,000	967,388	3,926,667	-	9,072,000	-	-	4,688,400	806,900
2032	9,860,000	968,263	3,926,667	-	-	-	-	4,687,400	809,500
2033	-	967,300	3,926,667	-	-	-	-	4,683,900	811,100
2034	-	969,500	3,926,667	-	-	-	-	4,687,650	806,700
2035	-	966,500	3,926,667	-	-	-	-	4,687,900	811,500
2036	-	966,750	3,926,667	-	-	-	-	4,684,400	811,700
2037	-	965,000	3,926,667	-	-	-	-	4,685,400	811,300
2038	-	967,396	3,738,333	-	-	-	-	4,685,200	810,300
2039	-	-	-	-	-	-	-	4,688,600	808,700
2040	-	-	-	-	-	-	-	4,685,200	811,500
2041	-	-	-	-	-	-	-	-	808,550
2042	-	-	-	-	-	-	-	-	-
2043	-	-	-	-	-	-	-	-	-
2044	-	-	-	-	-	-	-	-	-
2045	-	-	-	-	-	-	-	-	-
2046	-	-	-	-	-	-	-	-	-
2047	-	-	-	-	-	-	-	-	-
2048	-	-	-	-	-	-	-	-	-
2049	-	-	-	-	-	-	-	-	-
Totals[6]	$67,495,000	$18,383,871	$74,418,339	$58,730,800	$108,022,138	$43,263,550	$38,125,250	$98,416,500	$17,801,850

[1] July 1, except as otherwise noted.
[2] January 1 and July 1 payments.
[3] February 1 and August 1 payments.
[4] Debt service shown for periods ending August 1, 2020-2037, and July 1, 2038.
[5] Debt service not net of Qualified School Construction Bonds (QSCB) subsidy payments.
[6] Columns may not sum to totals due to rounding.

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

Period Ending[1]	General Obligation Bonds Election of 2012 (Measure Q), 2017 Series E	General Obligation Bonds Election of 2012 (Measure R), 2017 Series C	General Obligation Bonds Election of 2012 (Measure Q), 2018 Series F	The Bonds	Total Annual Debt Service
2020	$5,658,450	$594,000	$2,854,550	$3,468,919	$49,602,362
2021	5,652,850	596,600	236,900	6,267,575	50,170,618
2022	5,659,650	593,800	181,980	1,235,575	45,324,398
2023	5,653,250	595,800	528,290	1,236,375	43,602,358
2024	5,654,250	595,300	665,990	1,236,375	44,332,133
2025	5,655,250	594,300	-	1,235,575	43,944,055
2026	5,661,000	592,800	-	1,238,975	44,479,455
2027	5,656,000	595,800	-	1,236,375	44,079,092
2028	5,660,500	593,050	-	1,237,975	44,369,817
2029	5,653,750	594,800	-	1,238,575	44,808,817
2030	5,656,000	595,800	-	1,238,175	40,853,480
2031	5,659,400	594,000	-	1,235,175	36,474,930
2032	5,658,200	591,800	-	1,235,675	27,737,505
2033	5,657,400	594,200	-	1,234,425	17,874,992
2034	5,656,800	596,000	-	1,236,375	17,879,692
2035	5,661,200	592,200	-	1,236,875	17,882,842
2036	5,660,200	593,000	-	1,236,875	17,879,592
2037	5,658,800	593,200	-	1,236,375	17,876,742
2038	5,656,800	592,800	-	1,234,325	17,685,154
2039	5,659,000	591,800	-	1,236,750	12,984,850
2040	5,655,000	595,200	-	1,236,350	12,983,250
2041	5,659,800	592,800	-	1,238,750	8,299,900
2042	5,657,800	594,800	-	1,235,250	7,487,850
2043	5,654,000	596,000	-	1,236,000	7,486,000
2044	5,658,200	591,400	-	1,235,850	7,485,450
2045	5,654,800	596,200	-	1,234,800	7,485,800
2046	5,653,800	595,000	-	1,237,850	7,486,650
2047	5,659,850	592,250	-	1,234,850	7,486,950
2048	-	-	-	1,235,950	1,235,950
2049	-	-	-	1,236,000	1,236,000
Totals[2]	$158,402,000	$16,634,700	$4,467,710	$44,354,969	$748,516,684

[1] July 1, except as otherwise noted.
[2] Columns may not sum to totals due to rounding.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the County (the "**Board of Supervisors**") is empowered and is obligated by law to 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). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the County in the District's Interest and Sinking Fund, which is required by law to be maintained by the County and to be used solely for the payment of bonds of the District.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law, and are not a debt or obligation of the County. No fund of the County is pledged or obligated to repayment of the Bonds.

Pledge of Tax Revenues

Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors for the payment of Bonds and the outstanding bonds of the District issued pursuant to voter-approved measures of the District, including any refunding bonds thereof (for the purpose of this pledge, hereinafter collectively referred to as the "**District Bonds**") and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the District Bonds. This pledge shall be valid and binding from the date of the District Resolution for the benefit of the owners of the District Bonds and successors thereto. The District Resolution provides that property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the District Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act.

The District Resolution provides that this pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other District Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the Government Code (which became effective on January 1, 2016), all general obligation bonds issued by local agencies, including refunding bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the Bonds are executed and delivered. Section 53515 further provides that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

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 use property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation is the responsibility of various county officers. 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 board of supervisors for approval. The county treasurer-tax collector prepares and mails tax bills to taxpayers and collects the taxes. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due.

As mandated by law, the Director of Finance has sole responsibility for the levy and collection of the tax imposed to pay the principal of and interest on the District's bonds. Pursuant to State law, the proceeds of the tax levy are never in the custody of the District or available for any other purpose, and are at all times segregated from the operating revenues of the District. The District has no role in the process of taxation and payment of the District's bonds. Although the District may have legal authority to supplement the payments on its bonds by transferring operating revenues to the Interest and Sinking Fund administered by the Director of Finance, there is no statutory obligation that the District uses its operating revenues to pay its bonds in this way. It should not be inferred that the principal of or interest on the Bonds is payable from the District's general fund or from State revenues.

Assessed Valuation of Property Within the District

All property (real, personal and intangible) is taxable unless an exemption is granted by the State Constitution or United States law. Under the State Constitution, exempt classes of property include household and personal effects, intangible personal property (such as bank accounts, stocks and bonds), business inventories, and property used for religious, hospital, scientific and charitable purposes. The State Legislature may create additional exemptions for personal property, but not for real property. Most taxable property is assessed by the assessor of the county in which the property is located. Some special classes of property are assessed by the State Board of Equalization (the "**Board of Equalization**").

Taxes are levied for each fiscal year on taxable real and personal property assessed as of the preceding January 1, at which time the lien attaches. The assessed value is required to be adjusted during the course of the year when property changes ownership or new construction is completed. State law also affords an appeal procedure to taxpayers who disagree with the assessed value of any property. When necessitated by changes in assessed value during the course of a year, a supplemental assessment is prepared so that taxes can be levied on the new assessed value before the next regular assessment roll is completed. See "− *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Under the State Constitution, the Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately-owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Locally taxed 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 State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is "unsecured," and is assessed on the "unsecured roll." Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

The following table shows the recent history of taxable assessed valuation of the various classes of property in the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Summary of Assessed Valuation
Fiscal Years 2010-11 through 2019-20

Fiscal Year	Local Secured(1)(2)	Unsecured(1)	Total Valuation	Annual % Change
2010-11	$25,005,170,720	$1,379,440,206	$26,384,610,926	-
2011-12	24,367,435,850	1,381,399,468	25,748,835,318	(2.41)%
2012-13	24,088,535,893	1,312,707,722	25,401,243,615	(1.35)
2013-14	25,070,853,698	1,240,891,839	26,311,745,537	3.58
2014-15	26,215,882,626	1,279,564,924	27,495,447,550	4.50
2015-16	27,627,053,568	1,188,321,120	28,815,374,688	4.80
2016-17	29,448,310,116	1,271,280,326	30,719,590,442	6.61
2017-18	31,630,780,391	1,332,650,184	32,963,430,575	7.30
2018-19	33,926,629,549	1,444,875,017	35,371,504,566	7.31
2019-20	36,764,643,370	1,403,666,196	38,168,309,566	7.91

(1) Net taxable assessed valuation including the valuation of homeowners' exemptions.
(2) 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.

Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "− *Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in November 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then-current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "**Appeals Board**"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then-current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, County has in the past, pursuant to Article XIIIA of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single-family residential properties when the value of the property has declined below the current assessed value as calculated by County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Limitations on Revenues" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the State Board of Equalization and creates two new agencies: (a) the California Department of Tax and Fee Administration (the "Tax Administration Department") and (b) the Office of Tax Appeals. Under AB 102, the Tax Administration Department will take over programs previously in the State Board of Equalization's Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the State Board of Equalization will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the State Board of Equalization only hears appeals related to the programs that it constitutionally administers and the Office of Tax Appeals hears appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Offices of Tax Appeals to adopt regulations as necessary to carry out its duties, powers and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Drought. In recent years California has been experiencing severe drought conditions. In January 2014, Governor Brown declared a state-wide Drought State of Emergency due to the State facing serious water shortfalls due to the driest year in recorded history in the State and the resultant record low levels measured in State rivers and reservoirs. The California State Water Resources Control Board (the "**State Water Board**") subsequently issued a Statewide notice of water shortages and potential future curtailment of water right diversions. As a result of continuing dry conditions and low water content in the State's snow pack water sources, in April 2015, the Governor issued an executive order mandating specific conservation measures. The executive order included a requirement that the State Water Board impose restrictions to achieve a reduction of 25% in the State's urban water usage through February 28, 2016. On May 5, 2015, the State Water Board adopted an emergency conservation regulation in accordance with Governor Brown's directive, the provisions of which went into effect on May 18, 2015. On November 13, 2015, Governor Brown issued another executive order calling for an extension of the restrictions to urban potable water usage until October 31, 2016, should drought conditions persist through January 2016. Given the severity of the water deficits over the past four years, the rain and snowfall that California experienced through January 2016 did not eliminate the need for serious water use restrictions. On February 2, 2016, the State Water Board adopted new regulations to extend water conservation mandates through the end of October 2016 and lowered the overall conservation requirements from 25% to 23%, with exceptions for cities with particular hot weather or high levels of population growth in recent years. In April 2017, the Governor of the State lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. It is not possible for the District to make any representation regarding the extent to which these drought conditions could cause reduced economic activity within the boundaries of the District or the extent to which the drought has had or may have in the future on the value of taxable property within the District.

Wildfire. In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a decrease in the assessed value of property in the District. No recent wildfires have affected the District or the assessed valuation of properties within the District.

Bonding Capacity. As a unified school district, the District may issue bonds in an amount up to 2.5% of the assessed valuation of taxable property within its boundaries. Based on the fiscal year 2019-20 assessment roll, the District's gross bonding capacity is approximately $954.2 million, and its net bonding capacity is approximately $502.6 million (taking into account current outstanding debt before issuance of the Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Assessed Valuation by Jurisdiction. The following table provides a distribution of taxable property located in the District by jurisdiction.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2019-20 Assessed Valuation by Jurisdiction

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Elk Grove	$ 59,778,187	0.16%	$21,272,312,082	0.28%
City of Rancho Cordova	917,994,183	2.41	9,273,255,976	9.90
City of Sacramento	32,421,073,223	84.94	55,003,727,641	58.94
Unincorporated Sacramento County	4,769,463,973	12.50	61,727,985,726	7.73
Total District	$38,168,309,566	100.00%		
Sacramento County	$38,168,309,566	100.00%	$171,650,577,091	22.24%

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table provides a distribution of taxable property located in the District by principal purpose for which the land is used, showing the assessed valuation and number of parcels for each use. Single family residential properties comprise 54.9% of the assessed value of property located in the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
2019-20 Taxable Assessed Valuation and Parcels by Land Use

Non-Residential:	2019-20 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Agricultural	$ 222,111	0.00%	8	0.01%
Commercial/Office	7,257,646,703	19.74	2,895	2.80
Vacant Commercial	177,679,132	0.48	561	0.54
Industrial	1,763,585,305	4.80	1,301	1.26
Vacant Industrial	58,867,511	0.16	388	0.37
Recreational	485,701,762	1.32	122	0.12
Government/Social/Institutional	222,530,123	0.61	940	0.91
Miscellaneous	2,156,012	0.01	222	0.21
Subtotal Non-Residential	$9,968388,659	27.12%	6,437	6.22%
Residential:				
Single Family Residence	$20,196,864,365	54.94%	83,831	80.96%
Condominium/Townhouse	518,540,665	1.41	2,153	2.08
Mobile Home	34,862,955	0.09	1,476	1.43
Mobile Home Park	51,870,531	0.14	32	0.03
2-4 Residential Units	1,884,271,467	5.13	6,558	6.33
5+ Residential Units/Apartments	3,216,091,942	8.75	1,614	1.56
Hotel/Motel	627,192,687	1.71	69	0.07
Miscellaneous Residential	52,196,320	0.14	135	0.13
Vacant Residential	209,028,900	0.57	1,245	1.20
Subtotal Residential	$26,790,919,832	72.88%	97,113	93.78%
Total	$36,759,308,491	100.00%	103,550	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 provides a distribution of the per-parcel secured assessed value of single family homes. For fiscal year 2019-20, the average assessed value of single family homes is $240,924 and the median assessed value of single family homes is $197,676.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Per Parcel 2019-20 Assessed Valuation of Single Family Homes

	No. of Parcels	2019-20 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	83,831	$20,196,864,365	$240,924	$197,676

2019-20 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	457	0.545%	0.545%	$ 7,932,358	0.039%	0.039%
$25,000 - $49,999	3,856	4.600	5.145	155,820,665	0.772	0.811
$50,000 - $74,999	5,993	7.149	12.294	376,156,517	1.862	2.673
$75,000 - $99,999	7,038	8.395	20.689	615,597,042	3.048	5.721
$100,000 - $124,999	6,580	7.849	28.538	739,607,776	3.662	9.383
$125,000 - $149,999	6,459	7.705	36.243	887,167,082	4.393	13.776
$150,000 - $174,999	6,352	7.577	43.820	1,030,774,332	5.104	18.879
$175,000 - $199,999	5,663	6.755	50.576	1,060,784,654	5.252	24.132
$200,000 - $224,999	5,357	6.390	56.966	1,137,097,674	5.630	29.762
$225,000 - $249,999	5,310	6.334	63.300	1,260,780,841	6.242	36.004
$250,000 - $274,999	4,288	5.115	68.415	1,123,514,967	5.563	41.567
$275,000 - $299,999	3,623	4.322	72.737	1,039,609,226	5.147	46.714
$300,000 - $324,999	3,285	3.919	76.655	1,025,162,390	5.076	51.790
$325,000 - $349,999	2,649	3.160	79.815	893,136,365	4.422	56.212
$350,000 - $374,999	2,383	2.843	82.658	861,900,868	4.267	60.480
$375,000 - $399,999	2,044	2.438	85.096	791,755,240	3.920	64.400
$400,000 - $424,999	1,838	2.193	87.289	757,549,854	3.751	68.151
$425,000 - $449,999	1,583	1.888	89.177	691,565,188	3.424	71.575
$450,000 - $474,999	1,309	1.561	90.739	604,878,897	2.995	74.570
$475,000 - $499,999	1,146	1.367	92.106	558,577,674	2.766	77.336
$500,000 and greater	6,618	7.894	100.000	4,577,494,755	22.664	100.000
Total	83,831	100.000%		$20,196,864,365	100.000%	

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

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Largest Taxpayers

The 20 largest taxpayers in the District are shown below, ranked by aggregate secured assessed value of taxable property in fiscal year 2019-20.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers 2019-20

	Property Owner	Primary Land Use	2019-20 Assessed Valuation	% of Total[1]
1.	City of Sacramento & The Sacramento Kings	Sports Arena	$ 403,605,209	1.10%
2.	M&H Realty Partners VI LP	Commercial	247,955,601	0.67
3.	SG Downtown LLC	Hotel/Commercial	200,212,552	0.54
4.	Pac West Office Equities LP	Office Building	191,528,346	0.52
5.	400 Capitol Mall Owner LP	Office Building	182,725,452	0.50
6.	SRI Eleven 621 Capitol Mall LLC	Office Building	164,220,000	0.45
7.	500 Capitol Mall LLC	Office Building	144,555,309	0.39
8.	BRE Depot PK LLC	Industrial	126,158,249	0.34
9.	GV & HI PK Tower Owner LLC	Office Building	125,368,200	0.34
10.	300 Capitol Associates NF LP	Office Building	117,700,000	0.32
11.	HP Hood LLC	Industrial	115,293,047	0.31
12.	Cim & J Street Sacto LP (PMC Commercial)	Hotel	100,406,866	0.27
13.	GPT Props Trust	Office Building	100,210,029	0.27
14.	GSA Sacramento CA LLC	Office Building	96,965,225	0.26
15.	Capital Towers Apartments LLC	Apartments	95,735,425	0.26
16.	1415 Meridian Plaza Investors LP	Office Building	86,500,000	0.24
17.	NB Element DST	Apartments	83,522,700	0.23
18.	Amcal Sacramento LLC	Apartments	80,315,779	0.22
19.	Kaiser Foundation Health Plan Inc.	Office Building	78,638,477	0.21
20.	Capitol Regency LLC	Hotel	78,400,402	0.21
			$2,820,016,868	7.67%

[1] 2019-20 local secured assessed valuation: $36,759,308,491.
Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness in the taxpayer's financial situation and ability or willingness to pay property taxes. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control. See "*− Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" above.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. The rate of tax imposed on unsecured property for repayment of the Bonds is based on the prior year's secured property tax rate. Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

Typical Tax Rate Area. The following table shows a recent history of *ad valorem* property tax rates in a typical Tax Rate Area of the District (TRA 3-005).

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
$1 Per $100 of Assessed Valuation
TRA 3-005

	2015-16	2016-17	2017-18	2018-19	2019-20[1]
General	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
Los Rios Community College Dist. Bonds	.0091	.0141	.0130	.0131	.0232
Sacramento City Unified School Dist. Bonds	.1335	.1277	.1235	.1164	.1139
Total	$1.1426	$1.1418	$1.1365	$1.1295	$1.1371

[1] The 2019-20 assessed valuation of TRA 3-005 is $10,800,654,622 which is 28.3% of the total assessed valuation of the District.
Source: California Municipal Statistics, Inc.

In accordance with the law which permitted the Bonds to be approved by a 55% affirmative vote, bonds approved by the District's voters at the November 6, 2012 Measure R election may not be issued unless the District projects that repayment of all outstanding bonds approved at such election will require a tax rate no greater than $60.00 per $100,000 of assessed value. Based on the assessed value of taxable property in the District at the time of issuance of the Bonds, the District projects that the maximum tax rate required to repay all outstanding bonds approved at the Measure R election will be within the legal limit. The tax rate test applies only when new bonds are issued, and is not a legal limitation upon the authority of the Board of Supervisors to levy taxes at such rate as may be necessary to pay debt service on the Bonds in each year.

Tax Charges and Delinquencies

A school district's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in fiscal year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The county treasurer-tax collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a 10% penalty attaches and a $10 cost is added to unpaid second installments. If taxes remain unpaid by June 30, the tax is deemed to be in default, and a $15 state redemption fee applies. Interest then begins to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the county treasurer-tax collector.

Property taxes on the unsecured roll are due in one payment on the lien date, January 1, and become delinquent after August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. To collect unpaid taxes, the county treasurer-tax collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the county, and may seize and sell personal property, improvements and possessory interests of the taxpayer. The county treasurer-tax collector may also bring a civil suit against the taxpayer for payment.

The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed.

Teeter Plan

The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election by a vote of the board of supervisors, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, decide to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency in which the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. The District is not aware of any plan by the County to discontinue the Teeter Plan.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

The Teeter Plan was effective for the fiscal year commencing July 1, 1993, and pursuant to the Teeter Plan the County purchased all delinquent receivables (comprised of delinquent secured taxes, penalties, and interest) which had accrued as of June 30, 1993, from local taxing entities and selected special assessment districts and community facilities districts. Under the Teeter Plan, the County distributes secured tax collections on a cash-basis to taxing entities, such as the District, during the fiscal year and at year-end distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities and those special assessment districts and community facilities districts which the County determines are eligible to participate in the Teeter Plan.

The County reserves the right to exclude from the Teeter Plan any special tax levying agency or assessment levying agency if such agency has provided for accelerated foreclosure proceedings in the event of non-payment of such special taxes or assessments except that, if such agency has a delinquency rate in the collection of such special tax or assessment as of June 30 of any fiscal year that is equal to or less than the County's delinquency rate on the collection of current year *ad valorem* taxes on the countywide secured assessment roll, such agency's special taxes or assessments may, at the County's option, be included in the Teeter Plan.

The *ad valorem* property tax levied to pay the interest on and principal of the Bonds of the District is subject to the Teeter Plan. So long as the Teeter Plan is in effect, the District will receive 100% of the *ad valorem* property tax levied on the secured roll to pay its bonds irrespective of actual delinquencies in the collection of the tax by the County.

The following table shows a recent history of real property tax collections and delinquencies for the tax levied to repay the District's general obligation bonds, without regard to the Teeter Plan.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Year 2009-10 through Fiscal Year 2018-19

Fiscal Year	Secured Tax Charge[(1)]	Amount Delinquent as of June 30	Percent Delinquent as of June 30
2009-10	$22,583,246.00	$572,615.00	2.54%
2010-11	24,021,726.00	601,074.00	2.50
2011-12	24,460,162.00	412,252.00	1.76
2012-13	23,564,394.00	342,084.00	1.45
2013-14	30,387,687.00	425,488.00	1.40
2014-15	31,237,744.00	335,227.00	1.07
2015-16	36,197,451.00	311,422.00	0.86
2016-17	36,846,021.00	307,015.00	0.83
2017-18	38,637,596.00	388,774.00	1.01
2018-19	39,103,684.00	328,227.00	0.84

(1) District's debt service levy only.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a schedule of direct and overlapping debt prepared by California Municipal Statistics, Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which has outstanding debt as of October 1, 2019, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

The table generally includes long-term obligations sold in the public capital markets by the public agencies listed. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Direct and Overlapping Bonded Debt

2019-20 Assessed Valuation: $38,168,309,566

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 10/1/19
Los Rios Community College District	18.377%	$ 69,008,392
Sacramento City Unified School District	**100.000**	**451,592,966**[1]
City of Sacramento Community Facilities Districts	0.009-100.	18,736,125
City and Special District 1915 Act Bonds (Estimate)	Various	143,932,499
Southgate Recreation and Park Benefit Assessment District	15.956	693,957
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$683,963,939
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	22.236%	$ 37,472,667
Sacramento County Pension Obligation Bonds	22.236	187,863,081
Sacramento County Board of Education Certificates of Participation	22.236	883,881
Sacramento City Unified School District Lease Revenue Bonds	**100.000**	**63,120,000**
City of Elk Grove General Fund Obligations	0.281	88,937
City of Rancho Cordova Certificates of Participation	9.899	1,486,830
City of Sacramento General Fund Obligations	58.943	384,915,473
Cordova Recreation and Park District General Fund Obligations	26.280	1,947,002
Cosumnes Community Services District Certificates of Participation	0.248	52,080
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	5.815	3,246,164
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$681,076,115
Less: City of Elk Grove supported obligations		(25,051)
Sacramento County supported obligations		(3,790,686)
City of Sacramento supported obligations		(270,139,423)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$407,120,955
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$137,887,523
GROSS COMBINED TOTAL DEBT		$1,502,927,577[2]
NET COMBINED TOTAL DEBT		$1,228,972,417

Ratios to 2019-20 Assessed Valuation:
Direct Debt ($451,592,966) 1.18%
Total Direct and Overlapping Tax and Assessment Debt............1.79%
Combined Direct Debt ($514,712,966)...................................1.35%
Gross Combined Total Debt..3.94%
Net Combined Total Debt 3.22%

Ratios to Redevelopment Incremental Valuation ($7,342,232,658):
Total Overlapping Tax Increment Debt......................................1.88%

(1) Excludes Bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Policy for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX H 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 obligations of 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.

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 the 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 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 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 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 Bonds, nor does it guarantee that the rating on the 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, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $552.8 million, $130.8 million and $422.1 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 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 buildamerica.com/creditinsights/. (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 buildamerica.com/obligor/. 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 District 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 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RISKS RELATING TO BOND INSURANCE

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such redemption by the District unless the Insurer chooses to pay such amounts at an earlier date.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MISCELLANEOUS – Ratings."

The obligations of the Insurer are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District ("**Bond Counsel**"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and State of California tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the Internal Revenue Service ("**IRS**"). Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

RISK FACTORS

The factors discussed below (among others) should be considered in evaluating the probability of payment of the Bonds. The considerations discussed below are not meant to be an exhaustive list of considerations associated with the purchase of the Bonds, and the discussion below does not necessarily reflect the relative importance of the various considerations. Potential investors should consider the following factors, among others, and review the other information in this Official Statement. Any one or more of the considerations discussed, and others, could lead to a decrease in the market value and or the liquidity of the Bonds. There can be no assurance that other factors and considerations will not become material in the future.

District Financial Risks

Neither the principal of, nor interest on, the Bonds is payable from the District's general fund or from State revenues. The Bonds are paid by the County solely from *ad valorem* property taxes levied by the County – moneys over which the District exerts no control. Nevertheless, the District has presented information concerning its finances and operations and has describes the funding of education in California in APPENDIX A as supplementary information. Because some of the events and circumstances discussed in APPENDIX A are anomalous, they are noted below. In the event of bankruptcy, the District cannot state with certainty that bond payments will remain unaffected. See "OTHER LEGAL MATTERS – Possible Limitations on Remedies; Bankruptcy."

Budgetary Risks. The District submitted its fiscal year 2018-19 budget to the County Office of Education ("**SCOE**") twice, and on each occasion SCOE disapproved the budget due to projected negative ending fund balances for fiscal years 2019-20 and 2020-21. The District self-certified its first and second interim budget reports for fiscal year 2018-19 as negative. The adopted budget for fiscal year 2019-20 was submitted to the SCOE for review. SCOE disapproved the adopted budget for fiscal year 2019-20 due to the projected negative ending fund balance for fiscal year 2021-22. The District faces a $27 million structural budget deficit that it must eliminate in order to avoid running out of cash in fiscal year 2021-22. The District's negotiations with its labor organizations is aimed at reducing District expenditures on salaries and benefits, which would have a significant benefit on the District's finances. See "*– Labor Agreements*" below and APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Budget Process and County Review." As a result, SCOE provides the District with oversight and assistance. See "– County Oversight."

The District's efforts to eliminate its structural budget deficit, with the SCOE's oversight and assistance, is intended, in part, to avoid extreme financial difficulties. If the District is unable to eliminate its structural budget deficit, it would be necessary for the District to request an emergency loan from the State, resulting in a State takeover of the District's financial affairs. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – District Budget Process and County Review."

Reserve for Economic Uncertainty. The District is required to maintain a reserve for economic uncertainty equal to 2.0% of annual general fund expenditures and other financing uses (the "**Minimum Reserve**"). For the fiscal year ended June 30, 2018, the District reserve was 3.9% of the total expenditures. While the District is required to maintain the Minimum Reserve, increases in expenses such as the costs of compensation, pension, health and welfare benefits have outpaced increases in revenue. In addition, the District faces decreases in enrollment due in part to decreases in the birth rate in recent years and to competition with charter schools. The adopted budget for fiscal year 2019-20 implements approximately $20.5 million in budgetary adjustments in order to achieve the targeted Minimum Reserve in fiscal year 2019-20, and to provide additional reserves for the outlying years. The District estimates that it met the Minimum Reserve requirement for fiscal year 2018-19, with a reserve of 9.5% of total expenditures, and the District projects it will meet the Minimum Reserve requirement for fiscal years 2019-20 and 2020-21, with reserves of 7.8% and 4.0% of total expenditures, respectively. The District currently projects an inability to meet the Minimum Reserve requirement for fiscal year 2021-22.

On June 20, 2019, the District adopted its budget for fiscal year 2019-20, and the multi-year projections included in the budget indicated that the District would not meet the Minimum Reserve requirement in fiscal year 2021-22, with significant decreases to the general fund balance in fiscal years 2020-21 and 2021-22. Budgetary adjustments have been a result of reduced expenditures, and one-time increases to revenues. The adopted budget for fiscal year 2019-20 was submitted to the SCOE for review. SCOE disapproved the adopted budget for fiscal year 2019-20 due to the District's projected negative ending fund balance for fiscal year 2021-22. See "*– Budgetary Risks*" above.

The District's financial and budgetary practices have been subject to increased oversight by the Financial Crisis Management Assistance Team ("**FCMAT**"), as well as the SCOE. See "– FCMAT Oversight and Report" and "– County Oversight."

Dependence on State Funds. Due to District dependence on the State for a substantial portion of its operating funds, reductions in State funding may have an adverse effect on the District's financial health. In past years the State has reduced its funding of public school districts in California to try to address shortfalls in the State budget, and these reductions have caused concomitant reductions in the District's budget. Following the Great Recession, the State implemented the Local Control Funding Formula (the "**LCFF**"), which became effective in fiscal year 2013-14. The LCFF has increased State funding for education in every year since its implementation. For a more detailed discussion of the relationship between State funding of education and the District's budget, see APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Labor Agreements. Currently, four out of five District labor unions have initiated contract negotiations with the District and formed a labor-management consortium ("**LMC**") focused on reducing spending on benefits. The LMC is made up of SEIU 1021, United Professional Educators, Teamsters Local 150 and Classified Supervisors. Leaders of the Sacramento City Teachers Association ("**SCTA**") have not yet accepted the invitation to join the LMC, nor have they attended the contract negotiations in person. The negotiations encompass review of the District's current health plan and other postemployment benefits. The District cannot predict the outcome or effect that such negotiations will have on its operations or budget. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Labor Relations."

Healthcare and OPEB Costs. The District presently pays 100% of the cost of lifetime healthcare benefits for the majority of its, eligible retirees, employees and eligible dependents, resulting in a significantly higher cost to the District compared with other California school districts. A major component of the District's negotiations with its labor unions involves a review of healthcare benefits, and proposals to reduce costs in future years.

An actuarial valuation was recently completed relating to the District's other post-employment benefit ("**OPEB**") liabilities. The District's reported total OPEB liability at June 30, 2019 is $598,953,650. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – DISTRICT FINANCIAL MATTERS – Retirement Benefits – *Other Post-Employment Benefits*."

FCMAT Oversight and Report

In September 2018, the District and FCMAT entered into an agreement 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.

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 Committee's meeting schedule and agendas are available at the District's website at the following address: **http://www.scusd.edu/board-education-committee/fiscal-transparency-and-accountability-committee**.

County Oversight

Pursuant to Section 42127 of the Education Code, because the County Office of Education disapproved the District's fiscal year 2019-20 Adopted Budget, increased oversight procedures were implemented. These procedures include the assignment of a Fiscal Advisor to assist the District with building a balanced budget. The County Office of Education-appointed Fiscal Advisor (the "**Fiscal Advisor**") will continue to assist the District until the District eliminates deficit spending and regains the required level of reserves. Currently, the District's Superintendent and Chief Business Officer meet weekly with the County Superintendent of Schools, the Fiscal Advisor and other members of the SCOE to review the District's financial and budgetary management.

State Audit

The California Joint Legislative Audit Committee has directed that a state auditor conduct a performance audit (the "**State Audit**") of the District's finances for the past five fiscal years and identify current causes of the District's fiscal distress. The State Audit began on May 1, 2019 and is expected to be released in December 2019.

Federal Subsidy Payments on Direct Subsidy Bonds and Tax Credit Bonds

As a result of disputed payroll tax penalties owed by the District in calendar year 2018, the Internal Revenue Service (the "**IRS**") intercepted federal subsidy payments of approximately $650,000 to be paid to the District in connection with its General Obligation Bonds (Measures Q and R) (Election of 2012), 2013 Series B (Qualified School Construction Bonds). The District requested that the IRS reverse its intercept of the disputed penalty amount and refund the amount due. The District is awaiting final action by the IRS but anticipates a release of the full amount of the intercepted federal subsidy payments.

Since 2013, Congress has reduced subsidy payments for direct subsidy bonds and tax credit bonds through sequestration (automatic cuts in federal spending).

The District cannot predict whether and to what extent federal subsidy payments for direct subsidy bonds or tax credit bonds may be intercepted, or the extent to which sequestration may affect the District's receipt of federal subsidy payments in the future.

OTHER LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of school districts. If the safeguards are not successful in preventing the District from becoming insolvent, the State Superintendent of Public Instruction (the "**State Superintendent**"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "**Bankruptcy Code**") on behalf of the District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the parties to the proceedings may be prohibited from taking any action to collect any amount from the District or the County (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair and equitable and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Limitations on Plans of Adjustments. Chapter 9 of the Bankruptcy Code provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in the state, in the exercise of its political or governmental powers, including expenditures for such exercise. In addition, Chapter 9 provides that a bankruptcy court may not interfere with the political or governmental powers of the debtor, unless the debtor consents to that action or the plan so provides. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* tax revenue in excess of the District's share of the 1% limited County tax could not be used by the District for any purpose under its plan other than to make payments on the Bonds and its other voted general obligation bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to State law, all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. State law provides that the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become the subject of bankruptcy proceedings. However, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such taxes, so payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* taxes for payment of the Bonds. The Bonds and the District's other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District's debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* tax revenues collected for the payment of general obligation bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in a case arising out of the insolvency proceedings of Puerto Rico, recently held that this provision permitted voluntary payments of debt service by the issuer of bonds backed by special revenues, but did not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Bonds may be prohibited from taking any action to require the District or the County to make payments on the Bonds without the bankruptcy court's permission. This could result in substantial delays in payments on the Bonds.

In addition, even if the *ad valorem* tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could determine that the District is entitled to use the *ad valorem* tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Bonds.

Bondholders may experience delays or reductions in payments on the Bonds, the Bonds may decline in value or Bondholders may experience other adverse effects should the District file for bankruptcy.

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the Owners of the Bonds, it is not entirely clear what procedures the Owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy).

Risk of Investment Losses. Pending delivery of *ad valorem* tax revenues to the Paying Agent, the Director of Finance may invest the *ad valorem* tax revenues in the County Investment Pool or in other investments. Should any of these investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Legal Opinion

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is set forth in APPENDIX D – "PROPOSED FORM OF OPINION OF BOND COUNSEL." Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Legality for Investment in California

Under provisions of the Financial Code of the State, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of its depositors, and, under provisions of the Government Code, the Bonds are eligible securities for deposits of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "**Annual Report**") by not later than nine months following the end of the District's fiscal year (currently ending June 30), commencing with the report for fiscal year 2018-19 (which is due no later than April 1, 2020) and to provide notice of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**").

In the five-year period preceding the date of this Official Statement, the District is not aware of any failures to comply with its continuing disclosure obligations under the Rule. The District has hired Capitol Public Finance Group, LLC as Dissemination Agent to assist the District with compliance with its continuing disclosure obligations.

Litigation

In October 2019, the SCTA filed a petition for writ of mandate seeking to challenge the District's 2019 layoff of child development employees. The SCTA makes several claims challenging the process used by the District to layoff child development teachers and the order of layoff. To date, without success, the parties have attempted to resolve this matter.

If the SCTA were to prevail in the litigation, the resulting reemployment of laid-off child development employees would significantly reduce the savings that the District had budgeted in connection with such layoffs. See "RISK FACTORS – District Financial Risks – *Budgetary Risks*" herein. The District cannot predict the outcome of such litigation. The outcome of this litigation will not impact the levy of the *ad valorem* taxes by the County to pay the Bonds.

No litigation is pending or, to the best knowledge of the District, threatened, concerning the validity of the Bonds or the District's ability to receive *ad valorem* taxes and to collect other revenues, or contesting the District's ability to issue and retire the Bonds, the political existence of the District, the title to their offices of District or County officials who will sign the Bonds and other certifications relating to the Bonds, or the powers of those offices. A certificate (or certificates) to that effect will be furnished to the original purchasers at the time of the original delivery of the Bonds.

The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District.

MISCELLANEOUS

Ratings

S&P is expected to assign its rating of "AA" to the Bonds with the understanding that, upon delivery of the Bonds, the Policy will be delivered by BAM. See "BOND INSURANCE." Such rating is expected to be assigned solely as a result of the issuance of the Policy and will reflect only the rating agency's view of the claims paying ability and financial strength of BAM. Neither the District nor the Underwriter has made any independent investigation of the claims paying ability of BAM and no representation is made that any insured rating of the Bonds based upon the purchase of the Policy will remain higher than the rating agency's underlying rating of the Bonds described above, which did not take bond insurance into account. The existence of the Policy will not, of itself, negatively affect such underlying rating. Without regard to any bond insurance, the Bonds are payable from the proceeds of an *ad valorem* tax approved by the voters of the District pursuant to all applicable laws and constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS." However, any downward revision or withdrawal of any rating of BAM may have an adverse effect on the market price or marketability of the Bonds.

In addition, the Bonds have been assigned the underlying rating of "A2" with a negative outlook by Moody's Investors Service ("**Moody's**"), without regard to any policy of municipal bond insurance. Rating agencies generally base their ratings on their own investigations, studies and assumptions. The District has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). The rating reflects only the views of the rating agency and any explanation of the significance of such rating may be obtained only from such rating agency at www.moodys.com. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that any rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agencies, if, in the judgment of a rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Bonds. The District undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

Professionals Involved in the Offering

Orrick, Herrington & Sutcliffe LLP is acting as Bond Counsel and as Disclosure Counsel to the District with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Kutak Rock LLP is acting as Underwriter's Counsel to the Underwriter with respect to the Bonds, and will receive compensation from the Underwriter contingent upon the sale and delivery of the Bonds. Capitol Public Finance Group, LLC, is acting as Municipal Advisor with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds. Lozano Smith is acting as District General Counsel with respect to the Bonds, and will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Underwriting

The Bonds are to be purchased by Stifel, Nicolaus & Company, Incorporated (the "**Underwriter**"). The Underwriter has agreed, subject to certain terms and conditions set forth in the Bond Purchase Agreement, dated November 21, 2019 by and among the Underwriter, the County and the District, to purchase the Bonds at a purchase price of $32,062,038.50 (which represents the aggregate initial principal amount of the Bonds, plus a net original issue premium of $1,331,988.50 and less $169,950.00 of Underwriter's discount). The Underwriter will purchase all the Bonds if any are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing said Bonds into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriter.

While the Underwriter does not believe that the following represents a potential or actual material conflict of interest, the Underwriter notes that the Underwriter made a contribution to the Families for Sacramento Schools – Yes on Measure G parcel tax on the ballot in November of 2016.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

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Additional Information

Quotations from and summaries and explanations of the Bonds, the Paying Agent Agreement and the constitutional provisions, statutes and other documents described herein, do not purport to be complete, and reference is hereby made to said documents, constitutional provisions and statutes for the complete provisions thereof.

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All data contained herein have been taken or constructed from the District's records and other sources, as indicated. This Official Statement and its distribution have been duly authorized and approved by the District.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By: /s/ Jorge A. Aguilar
Superintendent

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APPENDIX A

INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET

The information in this Appendix concerning the operations of the District, the District's finances, and State funding of education, 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 of or interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and Constitutional requirements, and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal of and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

THE DISTRICT

Introduction

The District, located in Sacramento County, California (the "**County**"), is the 13th 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 City of Sacramento (the "**City**"), the State capital. The District operates under the jurisdiction of the Superintendent of Schools of the County. See "THE BONDS – Authority for Issuance; Purpose" herein. The District's average daily attendance for fiscal year 2019-20 is budgeted at 38,417 students and the District's 2019-20 general fund expenditures are projected at approximately $578.8 million.

The District operates 42 elementary schools for grades K-6, seven K-8 schools, six middle schools for grades 7-8, two 7-12 schools, seven comprehensive high schools for grades 9-12, three alternative education centers, two special education centers, two adult education centers, 15 charter schools (including five dependent charter schools) and 33 children's centers/preschools serving infants through age 12. The District's estimated enrollment for fiscal year 2019-20, including charter schools in the District, is approximately 40,235 students. For fiscal year 2019-20, the District budgets to employ approximately 3,707.0 full time equivalent employees, which includes 2,204.2 certificated (credentialed teaching) employees, 1,238.9 FTE classified (noninstructional) employees, and 263.9 supervisory/other personnel.

The District is governed by a Board of Education (the "**Board**") consisting of seven members and one student member, who has an advisory vote. The regular members are elected to staggered four-year terms every two years, alternating between three and four available positions. Beginning in 2008, Board member elections are held among voters who reside in each of seven trustee areas.

The day-to-day operations are managed by a Board-appointed Superintendent of Schools. Jorge A. Aguilar was appointed Superintendent of the District on July 1, 2017. Prior to serving as Superintendent, Mr. Aguilar was the Associate Superintendent for Equity and Access at Fresno Unified School District. In his career, Superintendent Aguilar has also served as an Associate Vice Chancellor for Educational and Community Partnerships and Special Assistant to the Chancellor at the University of California, Merced; as a Spanish teacher at South Gate High School; and a legislative fellow in the State Capitol. Mr. Aguilar has over 20 years of experience in the field of K-12 and higher education and holds a Bachelor of Arts from the University of California, Berkeley and a Juris Doctor degree from Loyola Law School.

DISTRICT FINANCIAL MATTERS

State Funding of Education; State Budget Process

General. As is true for most school districts in California, the District's operating income consists primarily of three components: a State portion funded from the State's general fund in accordance with the Local Control Funding Formula (the "**Local Control Funding Formula**" or "**LCFF**") (see " – Allocation of State Funding to School Districts; Local Control Funding Formula" herein), a State portion funded from the Education Protection Account, and a local portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. In addition, school districts may be eligible for other special categorical funding from State and federal government programs. The District projects to receive approximately 70.2% of its general fund revenues from State funds (not including the local portion derived from the District's share of the local *ad valorem* tax), projected at approximately $392.8 million for fiscal year 2019-20. Such State funds include both the State funding provided under LCFF as well as other State revenues (see " – Allocation of State Funding to School Districts; Local Control Funding Formula – *Attendance and LCFF*" and " – Other District Revenues – *Other State Revenues*" below). As a result, decreases or deferrals in State revenues, or in State legislative appropriations made to fund education, may significantly affect the District's revenues and operations.

Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the State Constitution), a minimum level of funding is guaranteed to school districts, community college districts and other State agencies that provide direct elementary and secondary instructional programs. Recent years have seen frequent disruptions in State revenues from personal income taxes, sales and use taxes, and corporate taxes, making it increasingly difficult for the State to meet its Proposition 98 funding mandate, which normally commands about 45% of all State general fund revenues, while providing for other fixed State costs and priority programs and services. Because education funding constitutes such a large part of the State's general fund expenditures, it is generally at the center of annual budget negotiations and adjustments.

In connection with the State Budget Act for fiscal year 2013-14, the State and local educational agencies ("**LEA**") therein implemented a new funding formula for school finance system called LCFF. Funding from the LCFF replaced the revenue limit funding system and most categorical programs. See "– Allocation of State Funding to School Districts; Local Control Funding Formula" below for more information.

State Budget Process. According to the State Constitution, the Governor must propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted no later than June 15. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two–thirds to a simple majority (50% plus one) of each house of the State Legislature. The lower vote requirement also would apply to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. The Governor signed the fiscal year 2019-20 State budget on June 27, 2019.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected State officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues. The District is authorized to borrow temporary funds to cover its annual cash flow deficits, and as a result of the *White v. Davis* decision, the District might find it necessary to increase the size or frequency of its cash flow borrowings, or to borrow earlier in the fiscal year. The District does not expect the *White v. Davis* decision to have any long-term effect on its operating budgets.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

Although the State Constitution requires the State to approve a balanced State Budget Act each fiscal year, the State's response to fiscal difficulties in some years has had a significant impact on the Proposition 98 minimum guarantee and the treatment of settle-up payments with respect to years in which the Proposition 98 minimum guarantee was suspended. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent of Public Instruction (the "**State Superintendent**") and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006, have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the State budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, **www.treasurer.ca.gov**. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Rainy Day Fund; SB 858. In connection with the 2014-15 State Budget, the Governor proposed certain constitutional amendments ("**Proposition 2**") to the rainy day fund (the "**Rainy Day Fund**") for the November 2014 Statewide election. Senate Bill 858 (2014) ("**SB 858**") amends the Education Code to, among other things, limit the amount of reserves that may be maintained by a school district subject to certain State budget matters. Upon the approval of Proposition 2, SB 858 became operational. Senate Bill 751 (2017) ("**SB 751**") altered the reserve requirements imposed by SB 858. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

AB 1469. As part of the 2014-15 State Budget, the Governor signed Assembly Bill ("**AB 1469**") which implements a new funding strategy for the California State Teachers' Retirement System ("**CalSTRS**"), increasing the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. See "– Retirement Benefits – *CalSTRS*" below for more information about CalSTRS and AB 1469.

2019-20 State Budget. The Governor signed the fiscal year 2019-20 State Budget (the "**2019-20 State Budget**") on June 27, 2019. The 2019-20 State Budget sets forth a balanced budget for fiscal year 2019-20 that projects approximately $143.8 billion in revenues, and $91.9 billion in non-Proposition 98 expenditures and $55.9 billion in Proposition 98 expenditures. The 2019-20 State Budget includes a $1.4 billion reserve in the Special Fund for Economic Uncertainties. To provide immediate and long-term relief to school districts facing rising pension costs, the 2019-20 State Budget includes a $3.15 billion non-Proposition 98 General Fund payment to the California State Teachers' Retirement System ("**CalSTRS**") and the California Public Employees' Retirement System ("**CalPERS**") Schools Pool. Of this amount, an estimated $850 million will buy down the employer contribution rates in fiscal years 2019-20 and 2020-21. The 2019-20 State Budget includes total funding of $103.4 billion ($58.8 billion General Fund and $44.6 billion other funds) for all K-12 education programs. The 2019-20 State Budget provides $1.9 billion in new Proposition 98 funding for the LCFF, reflecting a 3.26% cost of living adjustment. The 2019-20 State Budget also includes a constitutionally required deposit into the Public School System Stabilization Account (also referred to as the Proposition 98 Rainy Day Fund) in the amount of $376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps, as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 share of the Proposition 98 guarantee (approximately $2.1 billion).

Certain budgeted adjustments for K-12 education set forth in the 2019-20 State Budget include the following:

- Special Education. The 2019-20 State Budget includes $645.3 million ongoing Proposition 98 General Fund resources for special education, including $152.6 million to provide for all Special Education Local Plan Areas with at least the statewide target rate for base special education funding, and $492.7 million allocated based on the number of children ages 3 to 5 years with exceptional needs that the school district is serving.

- After School Education and Safety Program. The 2019-20 State Budget includes $50 million ongoing Proposition 98 General Fund resources to provide an increase of approximately 8.3% to the per-pupil daily rate for the After School Education and Safety Program.

- Longitudinal Data System. The 2019-20 State Budget includes $10 million one-time non-Proposition 98 General Fund resources to plan and develop a longitudinal data system to improve coordination across data systems and better track the impacts of State investments on achieving educational goals.

- Retaining and Supporting Well-Prepared Educators. The 2019-20 State Budget includes $89.8 million one-time non-Proposition 98 General Fund resources to provide up to 4,487 grants of $20,000 for students enrolled in a professional teacher preparation program who commit to working in a high-need field at a priority school for at least four years. The 2019-20 State Budget also includes $43.8 million one-time non-Proposition 98 General Fund resources to provide training and resources for classroom educators, including teachers and paraprofessionals, to build capacity around key state priorities. Finally, the 2019-20 State Budget includes $13.8 million ongoing federal funds to establish the 21st Century California Leadership Academy, to provide professional learning opportunities for public K-12 administrators and school leaders to acquire the knowledge, skills, and competencies necessary to successfully support the diverse student population served in California public schools.

- Broadband Infrastructure. The 2019-20 State Budget includes $7.5 million one-time non-Proposition 98 General Fund resources to assist school districts in need of infrastructure and updates to meet the growing bandwidth needs of digital learning.

- School Facilities Bond Funds. The 2019-20 State Budget assumes $1.5 billion Proposition 51 bond funds, an increase of $906 million over the prior year, to support school construction projects.

- Full-Day Kindergarten. The 2019-20 State Budget includes $300 million one-time non-Proposition 98 General Fund resources to construct new or retrofit existing facilities to support full-day kindergarten programs, which will increase participation in kindergarten by addressing barriers to access.

- Proposition 98 Settle-Up. The 2019-20 State Budget includes an increase of $686.6 million for K-12 schools and community colleges to pay the balance of past year Proposition 98 funding owed through fiscal year 2017-18.

- Classified School Employees Summer Assistance Program. The 2019-20 State Budget includes an increase of $36 million one-time Proposition 98 General Fund resources to provide an additional year of funding for the Classified School Employees Summer Assistance Program, which provides a State match for classified employee savings used to provide income during summer months.

- Wildfire-Related Cost Adjustments. The 2019-20 State Budget includes an increase of $2 million one-time Proposition 98 General Fund resources to reflect adjustments in the estimate for property tax backfill for basic aid school districts impacted by 2017 and 2018 wildfires. Additionally, the 2019-20 State Budget includes an increase of $727,000 one-time Proposition 98 General Fund resources to reflect adjustments to the State's student nutrition programs resulting from wildfire-related losses. Further, the 2019-20 State Budget holds both school districts and charter schools impacted by the wildfires harmless for State funding for two years.

The complete 2019-20 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal year 2019-20 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Bonds.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("**ERAF**") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved (see "– *Dissolution of Redevelopment Agencies*" below). Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 1, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years — such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Dissolution of Redevelopment Agencies. The adopted State budget for fiscal year 2011-12, as signed by the Governor on June 30, 2011, included as trailer bills Assembly Bill No. 26 (First Extraordinary Session) ("**AB1X 26**") and Assembly Bill No. 27 (First Extraordinary Session) ("**AB1X 27**"), which the Governor signed on June 29, 2011. AB1X 26 suspended most redevelopment agency activities and prohibited redevelopment agencies from incurring indebtedness, making loans or grants, or entering into contracts after June 29, 2011. AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. Certain provisions of AB1X 26 are described further below.

In July of 2011, various parties filed an action before the Supreme Court of the State of California (the "**Court**") challenging the validity of AB1X 26 and AB1X 27 on various grounds (*California Redevelopment Association v. Matosantos*). On December 29, 2011, the Court rendered its decision in *Matosantos* upholding virtually all of AB1X 26 and invalidating AB1X 27. In its decision, the Court also modified various deadlines for the implementation of AB1X 26. The deadlines for implementation of AB1X 26 described below take into account the modifications made by the Court in *Matosantos*.

On February 1, 2012, and pursuant to *Matosantos*, AB1X 26 dissolved all redevelopment agencies in existence and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of the former redevelopment agencies and administer dissolution and wind down of the former redevelopment agencies. With limited exceptions, all assets, properties, contracts, leases, records, buildings and equipment, including cash and cash equivalents of a former redevelopment agency, will be transferred to the control of its successor agency and, unless otherwise required pursuant to the terms of an enforceable obligation, distributed to various related taxing agencies pursuant to AB1X 26.

AB1X 26 requires redevelopment agencies to continue to make scheduled payments on and perform obligations required under its "enforceable obligations." For this purpose, AB1X 26 defines "enforceable obligations" to include "bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of outstanding bonds of the former redevelopment agency" and "any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy." AB1X 26 specifies that only payments included on an "enforceable obligation payment schedule" adopted by a redevelopment agency shall be made by a redevelopment agency until its dissolution. However, until a successor agency adopts a "recognized obligation payment schedule" the only payments permitted to be made are payments on enforceable obligations included on an enforceable obligation payment schedule. A successor agency may amend the enforceable obligation payment schedule at any public meeting, subject to the approval of its oversight board.

Under AB1X 26, commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a "redevelopment property tax trust fund" created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 (now each January 2 and June 1 pursuant to AB 1484, as described below) thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller's administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;

- To the former redevelopment agency's successor agency for payment of administrative costs; and

- Any remaining balance to school entities and local taxing agencies.

The District did not receive any pass-through payments in fiscal year 2018-19 and does not project it will receive any pass-through payments in fiscal year 2019-20. The District does not anticipate the dissolution of redevelopment agencies to have any significant effect on its total general revenues.

It is possible that there will be additional legislation proposed and/or enacted to "clean up" various inconsistencies contained in AB1X 26 and there may be additional legislation proposed and/or enacted in the future affecting the current scheme of dissolution and winding up of redevelopment agencies currently contemplated by AB1X 26. For example, AB 1484 was signed by the Governor on June 27, 2012, to clarify and amend certain aspects of AB1X 26. AB 1484, among other things, attempts to clarify the role and requirements of successor agencies, provides successor agencies with more control over agency bond proceeds and properties previously owned by redevelopment agencies and adds other new and modified requirements and deadlines. AB 1484 also provides for a "tax claw back" provision, wherein the State is authorized to withhold sales and use tax revenue allocations to local successor agencies to offset payment of property taxes owed and not paid by such local successor agencies to other local taxing agencies. This "tax claw back" provision has been challenged in court by certain cities and successor agencies. The District cannot predict the outcome of such litigation and what effect, if any, it will have on the District. Additionally, no assurances can be given as to the effect of any such future proposed and/or enacted legislation on the District.

Allocation of State Funding to School Districts; Local Control Funding Formula

Prior to the implementation of the Local Control Funding Formula in fiscal year 2013-14, under Section 42238 *et seq.* of the State Education Code, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance. The base revenue limit was calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution; ultimately, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State equalization aid, and received only its special categorical aid, which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is an LCFF district.

Beginning in fiscal year 2013-14, the LCFF replaced the revenue limit funding system and most categorical programs, and distributes combined resources to school districts through a base revenue limit funding grant ("**Base Grant**") per unit of average daily attendance ("**A.D.A.**") with additional supplemental funding allocated to local educational agencies based on their proportion of English language learners, students from low-income families and foster youth. The LCFF originally had an eight year implementation program to incrementally close the gap between actual funding and the target level of funding, as described below. In fiscal year 2018-19, the LCFF was fully funded ahead of the eight year implementation schedule. The LCFF includes the following components:

- A Base Grant for each local educational agency. The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2019-20, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to $7,702 per A.D.A. for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to $7,818 per A.D.A. for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to $8,050 per A.D.A. for grades 7 and 8; and (d) a Target Base Grant for each LEA equivalent to $9,329 per A.D.A. for grades 9 through 12. However, the amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants will be subject to the discretion of the State.

- A 20% supplemental grant for the unduplicated number of English language learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 50% of a local educational agency's Base Grant, based on the number of English language learners, students from low-income families and foster youth served by the local educational agency that comprise more than 55% of enrollment.

- An Economic Recovery Target (the "**ERT**") that is intended to ensure that almost every local educational agency receives at least their pre-recession funding level (i.e., the fiscal year 2007-08 revenue limit per unit of A.D.A.), adjusted for inflation, at full implementation of the LCFF. Upon full implementation, local educational agencies would receive the greater of the Base Grant or the ERT.

Under the new formula, for community funded districts, local property tax revenues would be used to offset up to the entire allocation under the new formula. However, community funded districts would continue to receive the same level of State aid as allocated in fiscal year 2012-13.

Local Control Accountability Plan. A feature of the LCFF is a system of support and intervention for local educational agencies. School districts, county offices of education and charter schools are required to develop, implement and annually update a three-year local control and accountability plan ("**LCAP**"). Each LCAP must be developed with input from teachers, parents and the community, and should describe local goals as they pertain to eight areas identified as state priorities, including student achievement, parent engagement and school climate, as well as detail a course of action to attain those goals. Moreover, the LCAPs must be designed to align with the district's budget to ensure adequate funding is allocated for the planned actions.

Each school district must submit its LCAP annually on or before July 1 for approval by its county superintendent. The county superintendent then has until August 15 to seek clarification regarding the contents of the LCAP, and the school district must respond in writing. The county superintendent can submit recommendations for amending the LCAP, and such recommendations must be considered, but are not mandatory. A school district's LCAP must be approved by its county superintendent by October 8 of each year if such superintendent finds (i) the LCAP adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the strategies outlined in the LCAP.

Performance evaluations are to be conducted to assess progress toward goals and guide future actions. County superintendents are expected to review and provide support to the school districts under their jurisdiction, while the State Superintendent performs a corresponding role for county offices of education. The California Collaborative for Education Excellence (the "**Collaborative**"), a newly established body of educational specialists, was created to advise and assist local educational agencies in achieving the goals identified in their LCAPs. For local educational agencies that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent would have authority to make changes to a local educational agency's LCAP.

Attendance. The following table sets forth the District's actual A.D.A., and enrollment for fiscal years 2010-11 through 2019-20 for grades K-12. The A.D.A. and enrollment numbers reflected in the following table include special education.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Average Daily Attendance and Student Enrollment
Fiscal 2010-11 through 2019-20

Year	Average Daily Attendance[1]	Enrollment[2]
2010-11	41,347	43,754
2011-12	41,131	43,426
2012-13	40,449	42,623
2013-14	39,985	41,638
2014-15	38,891	41,026
2015-16	38,837	41,028
2016-17	38,686	41,079
2017-18	38,588	40,854
2018-19	38,425	40,660
2019-20[3]	38,019	40,235

(1) Average daily attendance for the second period of attendance, typically in mid-April of each school year.
(2) Enrollment figures include dependent charter schools in the District and exclude independent charter schools.
(3) Budgeted.
Source: The District.

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Attendance and LCFF. The following table sets forth the District's actual and budgeted A.D.A., enrollment (including percentage of students who are English language learners, from low-income families and/or foster youth (collectively, "**EL/LI Students**"), and targeted Base Grant per unit of A.D.A. for fiscal years 2013-14 through 2019-20. The State has reached full funding of the Base Grant in fiscal year 2018-19. The A.D.A. and enrollment numbers reflected in the following table include special education and exclude enrollment at any independent charter schools.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Average Daily Attendance/Base Grant and Enrollment
Fiscal Years 2013-14 through 2019-20

		A.D.A./Base Grant				Enrollment[10]		
Fiscal Year		K-3	4-6	7-8	9-12	Total A.D.A.	Total Enrollment	Unduplicated % of EL/LI Students
2013-14	A.D.A.[2]:	13,462	9,574	6,304	10,677	40,017	41,679	74.42%
	Targeted Base Grant[3]:	$6,952	$7,056	$7,266	$8,419	-	-	-
2014-15	A.D.A.[2]:	12,761	9,616	6,247	10,304	38,928	41,066	68.36%
	Targeted Base Grant[3][4]:	$7,011	$7,116	$7,328	$8,491	-	-	-
2015-16	A.D.A.[2]:	12,386	9,735	6,357	10,383	38,861	41,070	71.64%
	Targeted Base Grant[3][5]:	$7,083	$7,189	$7,403	$8,578	-	-	-
2016-17	A.D.A.[2]:	12,307	9,722	6,342	10,347	38,718	41,115	70.89%
	Targeted Base Grant[3][6]:	$7,083	$7,189	$7,403	$8,578	-	-	-
2017-18	A.D.A. [2]:	12,355	9,433	6,451	10,433	38,673	40,894	71.49%
	Targeted Base Grant[3][7]:	$7,193	$7,301	$7,518	$8,712	-	-	-
2018-19	A.D.A. [2]:	12,200	9,178	6,570	10,546	38,495	40,762	72.51%
	Targeted Base Grant[3][8]:	$7,459	$7,571	$7,796	$9,034	-	-	-
2019-20[1]	A.D.A. [2]:	12,074	9,083	6,502	10,438	38,096	40,337	72.51%
	Targeted Base Grant[3][9]:	$7,702	$7,818	$8,050	$9,329	-	-	-

(1) Figures are projections.
(2) A.D.A. for the second period of attendance, typically in mid-April of each school year.
(3) Such amounts represent the targeted amount of Base Grant per unit of A.D.A., and do not include any supplemental and concentration grants under the LCFF. Such amounts were not fully funded until fiscal year 2018-19.
(4) Targeted fiscal year 2014-15 Base Grant amounts reflect a 0.85% cost of living adjustment from targeted fiscal year 2013-14 Base Grant amounts.
(5) Targeted fiscal year 2015-16 Base Grant amounts reflect a 1.02% cost of living adjustment from targeted fiscal year 2014-15 Base Grant amounts.
(6) Targeted fiscal year 2016-17 Base Grant amounts reflect a 0.00% cost of living adjustment from targeted fiscal year 2015-16 Base Grant amounts.
(7) Targeted fiscal year 2017-18 Base Grant amounts reflect a 1.56% cost-of-living adjustment from targeted fiscal year 2016-17 Base Grant amounts.
(8) Targeted fiscal year 2018-19 Base Grant amounts reflect a 3.70% cost-of-living adjustment from targeted fiscal year 2017-18 Base Grant amounts.
(9) Targeted fiscal year 2019-20 Base Grant amounts reflect a 3.26% cost-of-living adjustment from targeted fiscal year 2018-19 Base Grant amounts.
(10) Reflects enrollment as of October report submitted to the CBEDS in each school year. For purposes of calculating supplemental and concentration grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI Students was expressed solely as a percentage of its fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI Students enrollment was based on the two-year average of EL/LI Students enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI Students was and will be based on a rolling average of such school district's EL/LI Students enrollment for the then-current fiscal year and the two immediately preceding fiscal years.
Source: The District.

The District received approximately $398.7 million in aggregate revenues allocated under the LCFF in fiscal year 2018-19, and projects to receive approximately $411.8 million in aggregate revenues under the LCFF in fiscal year 2019-20 (or approximately 73.6% of its general fund revenues in fiscal year 2019-20). Such amount includes an estimated $47.5 million in supplemental grants and $28.3 million in concentration grants in fiscal year 2019-20.

Effect of Changes in Enrollment. Changes in local property tax income and A.D.A. affect LCFF districts and community funded districts differently. In an LCFF district, increasing enrollment increases the total amount distributed under the LCFF and thus generally increases a district's entitlement to State equalization aid, while increases in property taxes do nothing to increase district revenues, but only offset the State funding requirement of equalization aid. Operating costs increase disproportionately slowly to enrollment growth; and only at the point where additional teachers and classroom facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State equalization aid, while operating costs decrease slowly and only when, for example, the district decides to lay off teachers or close schools.

In community funded districts, the opposite is generally true: increasing enrollment increases the amount to which the district would be entitled were it an LCFF district, but since all LCFF income (and more) is already generated by local property taxes, there is no increase in State income, other than the $120 per student in basic aid, as described above. Meanwhile, as new students impose increased operating costs, property tax income is stretched further. Declining enrollment does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the District to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's adopted budget and projected A.D.A. are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2018-19 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Local Sources of Education Funding

The principal component of local revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 *et seq.* and Sections 95 *et seq.* of the California Revenue and Taxation Code. Section 42238(h) of the California Education Code itemizes the local revenues that are counted towards the amount allocated under the LCFF (and formerly, the base revenue limit) before calculating how much the State must provide in State aid. The more local property taxes a district receives, the less State aid it is entitled to receive. Prior to the implementation of the LCFF, a school district whose local property tax revenues exceeded its base revenue limit was entitled to receive no State aid, and received only its special categorical aid which is deemed to include the "basic aid" of $120 per student per year guaranteed by Article IX, Section 6 of the California Constitution. Such districts were known as "basic aid districts" and, under the LCFF, are known as "community funded districts." School districts that received some State aid were commonly referred to as "revenue limit districts." The District was a revenue limit district and is now referred to as an LCFF district. Under the LCFF, local property tax revenues are used to offset up to the entire State aid collection under the new formula; however, community funded districts would continue to receive, at a minimum, the same level of State aid as allotted in fiscal year 2012-13. See "− Allocation of State Funding to School Districts; Local Control Funding Formula" below for more information.

Local property tax revenues are estimated to account for approximately 22.2% of the District's aggregate revenues reported under LCFF sources in fiscal year 2018-19, and are projected to be $91.3 million, or 16.3% of its total general fund revenues in fiscal year 2019-20.

For a discussion of legal limitations on the ability of the District to raise revenues through local property taxes, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Other District Revenues

Federal Revenues. The federal government provides funding for several District programs, including special education programs. Federal revenues, most of which are restricted, comprise approximately 11.9% (or approximately $66.6 million) of the District's general fund projected revenues for fiscal year 2019-20.

Other State Revenues. In addition to State apportionments for Proposition 98 funding through the Local Control Funding Formula, the District receives other State revenues which comprise approximately 12.9% (or approximately $72.3 million) of the District's general fund projected revenues for fiscal year 2019-20. A significant portion of such other State revenues are amounts the District expects to receive from State lottery funds, which may not be used for non-instructional purposes, such as the acquisition of real property, the construction of facilities, or the financing of research. School districts receive lottery funds proportional to their total A.D.A. The District's State lottery revenue is projected to be approximately $8.4 million in fiscal year 2019-20, representing about 1.5% of general fund revenues.

Other Local Revenues. In addition to *ad valorem* property taxes, the District receives additional local revenues from items such as interest earnings and other local sources. Other local revenues comprise approximately 1.6% (or approximately $9.1 million) of the District's general fund projected revenues for fiscal year 2019-20.

Significant Accounting Policies and Audited Financial Reports

The State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the Department of Education's California School Accounting Manual. This manual, according to Section 41010 of the Education Code, is to be followed by all California school districts, including the District. Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the fiscal year ended June 30, 2018, which are included as APPENDIX C. For information on risk factors associated with the District's finances and operations, see "RISK FACTORS" in the forepart of this Official Statement.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. Crowe LLP, Sacramento, California, served as independent auditor to the District for fiscal year ended June 30, 2018. The District considers its audited financial statements to be public information, and accordingly no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has neither audited nor reviewed this Official Statement. The auditor has made no representation in connection with inclusion of the audit herein that there has been no material change in the financial condition of the District since the audit was concluded. The District is required by law to adopt its audited financial statements following a public meeting to be conducted no later than January 31 following the close of each fiscal year.

The following table shows the statement of revenues, expenditures and changes in fund balances for the District's general fund for fiscal years 2013-14 through 2017-18.

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
General Fund
Revenues, Expenditures and Fund Balances
Fiscal Year 2013-14 through 2017-18

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
REVENUES					
LCFF Sources					
State Apportionment	$233,388,541	$253,388,065	$279,635,875	$283,664,516	$287,546,461
Local Sources/Property Taxes	59,351,680	62,151,276	67,833,718	79,238,343	85,807,376
Total LCFF Sources	$292,740,221	$315,539,341	$347,469,593	$362,902,859	$373,353,837
Federal Revenue	47,934,358	43,153,693	41,092,819	41,219,643	49,249,342
Other State Revenue	52,891,179	62,827,008	105,152,845	83,134,267	70,050,430
Other Local Revenue	12,249,399	11,130,531	43,437,281	10,843,677	11,881,019
Total Revenues	$405,815,157	$432,650,573	$537,152,538	$498,100,446	$504,534,628
EXPENDITURES					
Certificated Salaries	$159,772,198	$165,315,040	$176,005,412	$192,501,260	$196,143,370
Classified Salaries	49,708,213	51,468,603	56,705,577	58,343,622	63,562,086
Employee Benefits	106,058,973	134,164,354	139,255,928	141,343,139	160,839,811
Books and Supplies	12,645,150	14,881,152	11,082,532	12,897,800	19,147,391
Services, Other Operating Expenditures	55,459,661	57,364,014	89,605,018	87,290,180	71,049,494
Capital Outlay	331,829	2,576,920	21,472,676	23,010,286	2,202,829
Other (outgo)	235,930	240,854	394,103	216,459	659,827
Debt service	1,997,075	2,821,195	8,210	68,211	4,403,750
Total Expenditures	$386,209,029	$428,832,132	$494,529,456	$515,670,957	$518,008,558
Excess (Deficiency) of Revenues Over Expenditures	$19,606,128	$3,818,441	$42,623,082	$(17,570,511)	$(13,473,930)
Other Financing Sources (Uses):					
Transfers in[1]	$ 3,550,271	$ 3,007,486	$18,911,687	$ 3,126,985	$ 3,755,901
Transfers Out[2]	(1,071,304)	(3,762,319)	(8,386,451)	(2,022,282)	(1,248,027)
Proceeds from Obligations/Liabilities	-	226,249	-	-	-
Net Financing Sources (Uses)	$2,478,967	$(528,584)	$10,525,236	$1,104,703	$2,507,874
NET CHANGE IN FUND BALANCES	$22,085,095	$3,289,857	$53,148,318	$(16,465,808)	$(10,966,056)
Fund Balance – Beginning	$19,409,345	$41,494,440	$44,784,297	$97,932,615	$81,466,807
Fund Balance – Ending	$41,494,440	$44,784,297	$97,932,615	$81,466,807	$70,500,751
Reserve for Economic Uncertainty[3]	$13,976,133	$12,763,133	$18,763,133	$20,013,133	$20,013,133

(1) Transfers in include revenue to the General Fund from the Charter Fund for charter school fees, indirect costs and operational costs funded from the General Fund.
(2) Transfers out include contributions to the Adult Education, Charter and Child Development Funds from the General Fund.
(3) The District must maintain a two percent unrestricted general fund reserve for economic uncertainty.
Source: Audited Financial Reports for fiscal years 2013-14 through 2017-18.

The following table shows the general fund balance sheets of the District for the fiscal years 2012-13 through 2017-18.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Summary of General Fund Balance Sheet
as of June 30, 2013, 2014, 2015, 2016, 2017 and 2018

	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
ASSETS						
Cash and Investments						
Cash in County Treasury	$9,329,475	$16,350,865	$63,791,598	$127,548,140	$92,414,388	$75,050,277
Cash on Hand and in Banks	510,691	404,609	584,514	725,049	1,700,267	281,217
Cash in Revolving Fund	225,000	225,000	225,000	225,000	225,000	225,000
Cash Awaiting Deposit	-	-	-	-	-	-
Cash with Fiscal Agent	-	-	-	657,089	-	-
Deferred Compensation	2,424,401	-	-	-	-	-
Accounts Receivable	84,734,409	69,947,333	28,381,376	6,607,783	12,008,190	8,656,692
Prepaid Expenditures	55,686	31,329	38,549	37,239	16,636	12,730
Due from Other Funds	1,827,097	1,004,606	2,691,876	3,051,544	2,963,638	4,117,257
Due from Grantor Governments	-	-	-	24,050,115	17,961,176	16,311,650
Stores Inventory	129,180	127,301	126,019	132,216	126,654	108,722
Total Assets	$99,235,939	$88,091,043	$95,838,932	$163,034,175	$127,415,949	$104,763,545
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$10,514,617	$14,459,023	$26,960,108	$33,377,290	$34,529,308	$26,947,248
TRANs Payable	60,000,000	26,000,000	-	-	-	-
Deferred Compensation	2,424,401	-	-	-	-	-
Unearned revenue[(1)]	1,709,477	2,343,216	20,620,188	27,910,917	6,458,836	6,567,313
Due to other funds	5,178,099	3,794,364	3,474,339	3,813,353	4,960,998	748,233
Total Liabilities	$79,826,594	$46,596,603	$51,054,635	$65,101,560	$45,949,142	$34,262,794
FUND BALANCES						
Total Fund Balances	$19,409,345	$41,494,440	$44,784,297	$97,932,615	$81,466,807	$70,500,751
Total Liabilities and Fund Balances	$99,235,939	$88,091,043	$95,838,932	$163,034,175	$127,415,949	$104,763,545

(1) "Deferred revenue" in Audited Financial Report for fiscal years 2014-15.
Source: District Audited Financial Reports for fiscal years 2012-12 through 2017-18.

District Budget Process and County Review

State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Sacramento Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to 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 with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the State Superintendent may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If at any time during the fiscal year the county superintendent determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification (as described below), the county superintendent will notify the governing board of the school district and the State Superintendent of that determination and report to the State Superintendent the financial condition of the school district. The county superintendent will also report proposed remedial actions and take at least one of the following and all actions that are necessary to ensure that the school district meets its financial obligations: (a) assign a fiscal expert, (b) conduct a study of the financial and budgetary conditions of the school district that includes, but is not limited to, a review of internal controls, (c) direct the school district to submit a financial projection of all fund and cash balances of the school district as of June 30 of the current year and subsequent fiscal years, (d) require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables, (e) direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations, (f) withhold compensation of the members of the governing board of the school district and the school district superintendent for failure to provide requested financial information, and (g) assign the County Office of Education and Fiscal Crisis and Management Assistance Team to review and provide recommendations related to teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed authority.

A State law adopted in 1991 (known as "**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et seq.*), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) 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 superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, 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, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. The District received a negative certification on its interim financial reports for fiscal year 2018-19. See "RISK FACTORS – District Financial Risks – *Budgetary Risks*" and "– County Oversight."

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced from the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

The following table sets forth the budgeted revenues, expenditures and changes in fund balances for the District's general fund for the fiscal years 2018-19 and 2019-20 and unaudited actuals for fiscal year 2018-19. Certain adjustments may be made throughout the year based on actual State funding and actual District revenues and tax collections. The District cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the District. The District's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Budgeted General Fund Summary for Fiscal Years 2018-19 and 2019-20 and Unaudited Actuals for Fiscal Year 2018-19[(1)]

	2018-19 Budgeted[(2)]	2018-19 Unaudited Actuals[(3)]	2019-20 Budgeted[(4)]
REVENUES			
LCFF Sources	$395,472,932	$398,672,583	$411,797,231
Federal Revenue	53,970,361	47,773,812	66,583,550
Other State Revenue	72,985,518	91,644,448	72,319,786
Other Local Revenue	6,696,124	11,737,585	9,090,755
TOTAL	$529,124,935	$549,828,428	$559,791,322
EXPENDITURES			
Certificated Salaries	$217,093,599	$211,749,239	$222,800,621
Classified Salaries	66,721,726	63,096,657	62,778,941
Employee Benefits	174,835,041	186,303,444	177,606,806
Books and Supplies	22,599,345	14,459,074	41,196,691
Services/Other Operating Expenditures	67,411,585	70,305,280	75,194,802
Other Outgo - Transfers of Indirect Costs	(2,304,634)	(1,763,289)	(1,847,912)
Other Outgo (excluding Transfers of Indirect Costs)	5,005,046	721,684	481,300
Capital Outlay	5,328,453	6,855,741	627,792
TOTAL	$556,690,160	$551,727,831	$578,839,041
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$(27,565,225)	$(1,899,403)	$(19,047,720)
OTHER FINANCING SOURCES (USES)			
Transfers In[(5)]	$1,903,369	$2,087,284	$2,174,627
Transfers Out[(6)]	(2,875,207)	(1,719,449)	(1,833,785)
Other Sources/Uses[(7)]	-	1,360,162	-
TOTAL OTHER FINANCING SOURCES (USES)	$(971,838)	$1,727,997	$340,842
NET CHANGE IN FUND BALANCE	$(28,537,063)	$(171,406)	$(18,706,878)
Fund Balance – Beginning	**$65,558,519[(8)]**	**$70,500,751[(8)]**	**$70,329,345**
Fund Balance – Ending	**$37,021,456**	**$70,329,345**	**$51,622,467**
Reserve for Economic Uncertainty[(9)]	$20,013,133	$52,751,482	$45,265,663

(1) Columns may not sum to totals due to rounding.
(2) Adopted budget for fiscal year 2018-29, approved as of June 21, 2018.
(3) Unaudited actuals for fiscal year 2018-19, approved as of October 3, 2019.
(4) Adopted budget for fiscal year 2019-20, approved as of June 26, 2019 and revised as of October 3, 2019.
(5) Transfers in include revenue to the General Fund from the Charter Fund for charter school fees, indirect costs and operational costs funded from the General Fund.
(6) Transfers out include contributions to the Adult Education, Charter and Child Development Funds from the General Fund.
(7) Other sources reflect recovery of insurance proceeds to replace athletic facilities damaged by flooding at John F. Kennedy High School.
(8) The adopted budget is developed every June. The prior fiscal year is not yet closed so the budgeted beginning fund balance is an estimate. By the time estimated actuals are prepared, the prior fiscal year is closed and the audited beginning fund balance is known. 2017-18 actual ending fund balance was $70.5 million.
(9) The District must maintain a two percent unrestricted general fund reserve for economic uncertainty.
Source: The District.

District Debt Structure

Tax and Revenue Anticipation Notes. To address predictable annual cash flow deficits resulting from the different timing of revenues and expenditures, the District may issue tax and revenue anticipation notes. The District's notes are a general obligation of the District, payable from the District's general fund and any other lawfully available moneys. The District does not expect to issue a Tax and Revenue Anticipation Note in fiscal year 2019-20.

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, known locally as "Measure E." The District issued $50,000,000 of the Measure E bonds on March 1, 2000 (the "**Series 2000 Bonds**"), $45,000,000 of the Measure E bonds on April 11, 2001 (the "**Series 2001 Bonds**"), $45,000,000 of the Measure E bonds on May 16, 2002 (the "**Series 2002 Bonds**"), and $55,000,000 of the Measure E bonds on August 5, 2004 (the "**Series 2004 Bonds**"). The District refunded a portion of the Series 2001 Bonds and the Series 2002 Bonds with the issuance of its 2011 General Obligation Refunding Bonds (the "**2011 Refunding Bonds**") on June 30, 2011. The District also applied a portion of the proceeds of its 2012 General Obligation Refunding Bonds (the "**2012 Refunding Bonds**") to refund a portion of the Series 2001 Bonds, the Series 2002 Bonds and the Series 2004 Bonds on June 14, 2012. There is no remaining unissued authorization under Measure E, and the 2011 Refunding Bonds and 2012 Refunding Bonds remain outstanding.

On November 5, 2002, voters in the District approved by 55% or more a bond measure authorizing the District to issue $225,000,000 in general obligation bonds, known locally as "Measure I." The District issued $80,000,000 of the Measure I bonds on March 25, 2003 (the "**Series 2002 Measure I Bonds**"), $80,000,000 of the Measure I bonds on July 19, 2005 (the "**Series 2005 Bonds**"), and $64,997,966.35 of the Measure I bonds on November 14, 2007 (the "**Series 2007 Bonds**"). The District applied a portion of the proceeds of its 2012 Refunding Bonds to refund the Series 2002 Measure I Bonds. The District refunded a portion of the Series 2005 Bonds with the issuance of its 2014 General Obligation Refunding Bonds (the "**2014 Refunding Bonds**") on January 30, 2014, and refunded the remaining outstanding Series 2005 Bonds and a portion of the outstanding Series 2007 Bonds with the issuance of its 2015 General Obligation Refunding Bonds (the "**2015 Refunding Bonds**") on January 28, 2015. There is no remaining unissued authorization under Measure I, and a portion of the Series 2007 Bonds, together with the 2012 Refunding Bonds, the 2014 Refunding Bonds and the 2015 Refunding Bonds, remain outstanding.

On November 6, 2012, voters in the District approved by 55% or more two bond measures known locally as "Measure Q" and "Measure R." Measure Q authorizes the District to issue $346,000,000 in general obligation bonds. Measure R authorizes the District to issue $68,000,000 in general obligation bonds. The District issued $30,000,000 of Measure Q and Measure R bonds on July 16, 2013 (the "**Series 2013A Bonds**"), $40,000,000 of Measure Q and Measure R bonds on July 16, 2013 (the "**Series 2013B Bonds**"), $66,260,000 of Measure Q bonds on June 4, 2015 (the "**Series 2015 C-1 Bonds**"), $23,740,000 of Measure Q bonds on June 4, 2015 (the "**Series 2015 C-2 Bonds**"), $14,000,000 of Measure Q bonds on June 8, 2016 (the "**Series 2016D Bonds**"), $112,000,000 of Measure Q bonds on May 11, 2017 (the "**Series 2017E Bonds**"), $10,000,000 of Measure R bonds on May 11, 2017 (the "**Series 2017C Bonds**") and $10,000,000 of Measure Q bonds on July 25, 2018 (the "**Series 2018F Bonds**"). All of such bonds remain outstanding. At the time of issuance of the Bonds, $97,100,000 of the Measure Q authorization remains unissued. There is no remaining Measure R authorization.

The District's outstanding general obligation bonds as of October 1, 2019 are summarized in the table below. Approximately $451.6 million of the District's general obligation bonds remain outstanding, not including the Bonds.

Issue Name	Issuance Date	Original Principal Amount	Amount Outstanding
2011 Refunding Bonds	06/30/2011	$ 79,585,000	$46,850,000
2012 Refunding Bonds	06/14/2012	113,245,000	81,650,000
Series 2007	11/14/2007	64,997,966	26,077,966
Series 2013A	07/16/2013	30,000,000	11,635,000
Series 2013B	07/16/2013	40,000,000	40,000,000
2014 Refunding Bonds	01/30/2014	44,535,000	35,005,000
2015 Refunding Bonds	01/28/2015	32,740,000	27,825,000
Series 2015 C-1	06/04/2015	66,260,000	62,735,000
Series 2015 C-2	06/04/2015	23,740,000	-
Series 2016D	06/08/2016	14,000,000	12,465,000
Series 2017C	05/11/2017	112,000,000	93,300,000
Series 2017E	05/11/2017	10,000,000	9,800,000
Series 2018F	07/25/2018	10,000,000	4,250,000
TOTAL		$641,102,966	$451,592,966

Source: The District.

Voter-approved bonds and bonds issued to refund such bonds are payable from a special *ad valorem* property tax authorized to be levied by the County as necessary to repay the amounts coming due in each year. See the table above for a description of principal owed on all bonds outstanding.

Certificates of Participation. On April 18, 2001, Certificates of Participation ("**2001 COPs**") of $43,580,000 were issued with fixed interest rates ranging from 4.1% to 5.0% maturing on March 1, 2031, for the advance refunding of Series 1999C COPs (with a remaining principal obligation of $29,590,000) and to provide additional capital for construction projects. With the payment of $30,000,000 to the escrow agent to advance refund and defease the District's 1999C COPs, the 1999C COPs are considered to be defeased, and the obligations have been removed from the District's financial statements. The 2001 COPs were prepaid with a portion of the proceeds of the Lease Revenue Bonds (as defined below).

On July 11, 2002, the District issued $58,000,000 of Variable Rate COPs ("**2002 Variable Rate COPs**") for the advance refunding of 1998 Series A COPs (with a remaining principal amount of $13,750,000) and 1999 Series D COPs (with a remaining obligation of $15,480,000) and to provide additional capital for construction projects. With the payment of $29,230,000 to the escrow agent to advance refund and defease the District's 1998 Series A COPs and the 1999 Series D COPs, the District's 1998 Series A COPs and the 1999 Series D COPs are considered to be defeased. The 2002 Variable Rate COPs were remarketed on March 14, 2011, in the aggregate principal amount of $48,020,000. Interest on the 2002 Variable Rate COPs was based on the SIFMA Term Floater Rate, determined by a remarketing agent. The 2002 Variable Rate COPs were prepaid with a portion of the proceeds of the Lease Revenue Bonds described below.

On January 16, 2014, $44,825,000 of Lease Revenue Refunding Bonds, 2014 Series A, were issued by the Sacramento City Schools Joint Powers Financing Authority (the "**Authority**"), simultaneously with $29,460,000 of Lease Revenue Refunding Bonds, 2014 Series B, issued by the Authority by private placement (collectively, the "**Lease Revenue Bonds**"), to prepay all outstanding 2001 COPs and to purchase all outstanding 2002 Variable Rate COPs on March 1, 2014, the date that the SIFMA Term Floater Rate Mode was scheduled to expire and the date the 2002 Variable Rate COPs became subject to mandatory tender (the "**Mandatory Tender Date**"). The District purchased all outstanding 2002 Variable Rate COPs on the Mandatory Tender Date with a portion of the proceeds of the Lease Revenue Bonds. The final maturity date for the Lease Revenue Bonds is March 1, 2040. The minimum base rental payment is $3,147,750 in 2039 and the maximum base rental payment is $5,529,383 in 2028.

The following tables set forth the annual debt service schedules for the Lease Revenue Bonds.

Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series A
Annual Debt Service

Year Ending June 30,	Principal	Interest	Total
2020	$ 2,370,000	$1,733,000	$ 4,103,000
2021	2,495,000	1,614,500	4,109,500
2022	2,625,000	1,489,750	4,114,750
2023	2,770,000	1,358,500	4,128,500
2024-2028	6,175,000	5,039,750	11,214,750
2029-2033	-	4,556,250	4,556,250
2034-2038	12,370,000	3,379,250	15,749,250
2039-2040	5,855,000	442,750	6,297,750
Total	$34,660,000	$19,613,750	$54,273,750

Source: The District.

Sacramento City Schools Joint Powers Financing Authority
Lease Revenue Refunding Bonds, 2014 Series B
Annual Debt Service

Year Ending June 30,	Principal	Interest	Total
2020	$ 200,000	$1,164,014	$ 1,364,014
2021	200,000	1,155,834	1,355,834
2022	200,000	1,147,654	1,347,654
2023	200,000	1,139,474	1,339,474
2024-2028	11,075,000	5,182,644	16,257,644
2029-2033	16,585,000	1,810,050	18,395,050
Total	$28,460,000	$11,599,670	$40,059,670

Source: The District.

Special Tax Bonds. In January 1992, the District established the Community Facilities District No. 2 ("**CFD No. 2**") for the purpose of financing new and improved school facilities for students generated by new residential development in the District. The residential parcels that constitute the territory of CFD No. 2 are dispersed throughout the District. Residential parcels annexed into CFD No. 2 are assessed a special tax, the proceeds of which are to be used directly for expenditures associated with the authorized purposes of CFD No. 2 or to pay the principal of and interest on bonds issued by the District through CFD No. 2. The special tax, the collection of which must be authorized annually, is due upon the issuance of a residential parcel's building permit, payable as a one-time tax or, at the property owner's election, as an annual installment over a period not to exceed 30 years. The one-time special tax levied in CFD No. 2 is equal to the product of the mitigation rate and the assessable space of each parcel, as defined in the Rate and Method of Apportionment of Special Tax for CFD No. 2. The annual special tax is equal to the product of the one-time special tax and an annual installment factor. Both the one-time special tax and the annual special tax are subject to an annual escalation factor. In fiscal year 2019-20 it is estimated that the total annual special tax to be collected within CFD No. 2 is $1,813,713. As of the date hereof, no bonds have been issued by CFD No. 2.

Capital Leases. The District leases office equipment, computers and buses under long-term lease purchase agreements, payable from the general fund of the District. In accordance with generally accepted accounting principles, the District capitalizes these lease purchase agreements within the General Long-Term Debt Account Group. As of June 30, 2018, the schedule of future minimum lease payments was as follows:

Year Ending June 30	Capital Lease Payments
2019	$32,405
2020	2,866
Total Payments	$35,271
Less: Amount Representing Interest	(808)
Net Minimum Lease Payments	$34,463

Source: The District.

Labor Relations

For fiscal year 2019-20, the District budgets to employ approximately 3,707.0 full time equivalent employees, which includes 2,204.2 certificated (credentialed teaching) employees, 1,238.9 FTE classified (noninstructional) employees, and 263.9 supervisory/other personnel. District employees are represented by employee bargaining units as shown in the following table:

Sacramento City Unified School District
Labor Organizations

Labor Organization	FTE Employees Represented(1)	Contract Expiration
Sacramento City Teachers Association	2,266.06	June 30, 2019
Service Employees International Union	1,323.48	June 30, 2020
United Professional Educators	133.00	June 30, 2019
Teamsters	99.00	June 30, 2020
Total	3,821.54	

(1) Currently in negotiations.
Source: The District.

Currently, four out of five District labor unions have initiated contract negotiations with the District and formed a labor-management consortium ("**LMC**") focused on reducing spending on benefits. The LMC is made up of SEIU 1021, United Professional Educators, Teamsters Local 150 and Classified Supervisors. Leaders of the Sacramento City Teachers Association ("**SCTA**") have not yet accepted the invitation to join the LMC, nor have they attended the contract negotiations in person. The negotiations encompass review of the District's current health plan and other postemployment benefits. The District cannot predict the outcome or effect that such negotiations will have on its operations or budget. See "RISK FACTORS – District Financial Risks – *Labor Agreements*."

Retirement Benefits

The District participates in retirement plans with CalSTRS, which covers all full-time certificated District employees, and CalPERS, which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Contributions to CalSTRS are fixed in statute. For fiscal year 2013-14, teachers contributed 8% of salary to CalSTRS, while school districts contributed 8.25%. In addition to the teacher and school contributions, the State contributed 4.517% of teacher payroll to CalSTRS (calculated on payroll data from two fiscal years ago). Unlike typical defined benefit programs, however, neither the CalSTRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to herein as "pre-enhancement benefits") within a 30-year period. However, this surcharge does not apply to systemwide unfunded liability resulting from recent benefit enhancements.

As part of the 2014-15 State Budget, the Governor signed Assembly Bill 1469 which implemented a new funding strategy for CalSTRS and increased the employer contribution rate in fiscal year 2014-15 from 8.25% to 8.88% of covered payroll. Such rate increased by 1.85% beginning in fiscal year 2015-16 until the employer contribution rate is 19.10% of covered payroll as further described below. AB 1469 increased member contributions, which were previously set at 8.0% of pay, to 10.25% of pay for members hired on or before December 31, 2012 and 9.205% of pay for members hired on or after January 1, 2013 effective July 1, 2016. The State's total contribution also increased from approximately 3.0% 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 CalSTRS unfunded liability by June 30, 2046. The State Teachers Retirement Board would also have authority to reduce employer and State contributions if they are no longer necessary.

On February 1, 2017, the State Teachers' Retirement Board voted to adopt revised actuarial assumptions reflecting members' increasing life expectancies and current economic trends. The revised assumptions include a decrease from 7.50% to a 7.25% investment rate of return for the June 30, 2016 actuarial valuation, a decrease from 7.25% to a 7.0% investment rate of return for the June 30, 2017 actuarial valuation, a decrease from 3.75% to a 3.50% projected wage growth, and a decrease from 3.0% to a 2.75% price inflation factor.

As of June 30, 2018, an actuarial valuation (the "**2018 CalSTRS Actuarial Valuation**") for the entire CalSTRS defined benefit program showed an estimated unfunded actuarial liability of $107.2 billion, a decrease of approximately $0.1 billion from the June 30, 2017 valuation. The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2018, June 30, 2017, June 30, 2016 and June 30, 2015, based on the actuarial assumptions, were approximately 64.0%, 62.6%, 63.7% and 68.5%, respectively. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The following are certain of the actuarial assumptions set forth in the 2018 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The 2018 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "– *California Public Employees' Pension Reform Act of 2013*" below for a discussion of the pension reform measure signed by the Governor in August 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions, changes in actuarial assumptions and other experiences that may differ from the actuarial assumptions.

As indicated above, there was no required contribution from teachers, school districts or the State to fund the unfunded actuarial liability for the CalSTRS defined benefit program and only the State legislature can change contribution rates. The actuarial valuation as of June 30, 2016 stated that the aggregate contribution rate as of June 30, 2017, inclusive of an equivalent rate contribution of 10.219% from members, 8.000% from employers relating to the base rate, 0.250% from employers based on the sick leave rate, 10.096% from employers based on the supplemental rate, 1.881% from the State based on the base rate and 4.021% from the State based on the supplemental rate is equivalent to 34.467%.

Pursuant to Assembly Bill 1469, school districts' contribution rates will increase in accordance with the following schedule:

Effective Date (July 1)	School District Contribution Rate
2018	16.28%
2019[1]	17.10
2020[1]	18.40

[1] Pursuant to 2019-20 State Budget.
Source: Assembly Bill 1469.

The following table sets forth the District's total employer contributions to CalSTRS for fiscal years 2011-12 through 2017-18, the estimated contribution for fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Contributions to CalSTRS for Fiscal Years 2011-12 through 2019-20

Fiscal Year	Contribution
2011-12	$14,823,475
2012-13	14,075,308
2013-14	14,021,893
2014-15	15,447,858
2015-16	19,820,280
2016-17	24,828,643
2017-18	29,172,733
2018-19[1]	35,911,088
2019-20[2]	38,983,878

[1] Estimated from Unaudited Actuals for fiscal year 2018-19.
[2] Budgeted.
Source: The District.

The District's total employer contributions to CalSTRS for fiscal years 2011-12 through 2018-19 were equal to 100% of the required contributions for each year. With the implementation of AB 1469, the District anticipates that its contributions to CalSTRS 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 CalSTRS in future fiscal years.

CalSTRS produces a comprehensive annual financial report and actuarial valuations which include financial statements and required supplementary information. Copies of the CalSTRS comprehensive annual financial report and actuarial valuations may be obtained from CalSTRS. The information presented in these reports is not incorporated by reference in this Official Statement.

CalPERS. The District also participates in CalPERS for all full-time and some part-time classified employees. All qualifying classified employees of K-12 school districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. The school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS will not significantly increase in the future above current levels.

The CalPERS Schools Actuarial Valuation as of June 30, 2018 indicates that the funded ratio as of June 30, 2018 is approximately 70.4% on a market value of assets basis. The funded ratio, on a market value basis, as of June 30, 2017, June 30, 2016, June 30, 2015, and June 30, 2014, was 72.1%, 71.9%, 77.5%, and 86.6%. In April 2013, the CalPERS Board of Administration approved changes to the CalPERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. Beginning with the June 30, 2013 actuarial valuation, CalPERS employed a new amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period (as compared to the current policy of spreading investment returns over a 15-year period with experience gains and losses paid for over a rolling 30-year period). Such changes, the implementation of which were delayed until fiscal year 2015-16 for the State, schools and all public agencies, have increased contribution rates in the near term but are expected to lower contribution rates in the long term. In November 2015, the CalPERS Board of Administration approved a proposal pursuant to which the discount rate would be reduced by a minimum of 0.05 percentage points to a maximum of 0.25 percentage points in years when investment returns outperform the then-current discount rate of 7.5% by at least four percentage points. In December 2016, the CalPERS Board of Administration voted to lower the discount rate from 7.5% to 7.375% for fiscal year 2017-18, 7.25% for fiscal year 2018-19, and 7.0% beginning fiscal year 2019-20. The new discount rates will take effect beginning July 1, 2017 for the State and July 1, 2018 for school districts. The change in the assumed rate of return is expected to result in increases in the District's normal costs and unfunded actuarial liabilities.

In February 2014, the CalPERS Board of Administration adopted actuarial demographic assumptions that take into account public employees living longer. Such assumptions are expected to increase costs for the State and public agency employers (including school districts), which costs will be amortized over 20 years and 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. CalPERS applied the assumptions beginning with the June 30, 2015 valuation for the schools pool, which was used to establish employer contribution rates for fiscal year 2016-17. CalPERS estimates that the new demographic assumptions could cost public agency employers up to 9.0% of payroll for safety employees and up to 5.0% of payroll for miscellaneous employees at the end of the five-year phase in period. To the extent, however, that future experiences differ from CalPERS' current assumptions, the required employer contributions may vary. In April 2016, CalPERS approved an increase to the contribution rate for school districts from 11.847% during fiscal year 2015-16 to 13.888% during fiscal year 2016-17. In April 2017, CalPERS adopted an employer contribution rate of 15.531% for the schools pool and a member contribution rate of 6.5% for school employees subject to PEPRA for the period of July 1, 2017 to June 30, 2018.

On June 27, 2019, CalPERS informed school employers that the employer and employee pension contribution rates approved by the CalPERS Board of Administration on April 17, 2019 were modified by Senate Bill 90 and codified at Section 20825.2 of the State Government Code. The employer contribution rate for fiscal year 2019-20 will be 19.721%, representing a reduction of 1.012% in the employer contribution rate from the 20.733% adopted by the CalPERS Board on April 17, 2019. The employer contribution rate of 19.721% for fiscal year 2019-20 will be the first fiscal year that employer contributions are impacted by the new demographic assumptions adopted by the CalPERS Board in December 2017. The 19.721% contribution rate will become effective with the first payroll period beginning July 2019. In April 2019, the CalPERS Board projected that employer contributions for fiscal year 2020-21 would be 23.6%, with annual fluctuations thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26. The CalPERS Board stated that these employer contribution rates reflect not only the new demographic assumptions, but also changes in the discount rate, inflation rate and payroll growth rate, along with expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date. The CalPERS Board anticipates that information about the risks associated with the funding of these plans will be included in the CalPERS valuation report expected to be released during summer 2019.

The following table sets forth the District's total employer contributions to CalPERS for fiscal years 2011-12 through 2017-18, the estimated contribution for fiscal year 2018-19, and the budgeted contribution for fiscal year 2019-20:

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Contributions to CalPERS for Fiscal Years 2012-13 through 2019-20

Fiscal Year	Contribution
2011-12	$ 6,640,921
2012-13	6,381,013
2013-14	6,471,351
2014-15	6,954,207
2015-16	7,577,683
2016-17	9,180,596
2017-18	11,256,216
2018-19(1)	13,259,325
2019-20(2)	13,862,311

(1) Estimated from Unaudited Actuals for fiscal year 2018-19.
(2) Budgeted.
Source: The District.

The District's total employer contributions to CalPERS for fiscal years 2011-12 through 2018-19 were equal to 100% of the required contributions for each year. With the change in actuarial assumptions described above, the District anticipates that its contributions to CalPERS will increase in future fiscal years as the increased costs are phased in. The implementation of PEPRA (see "– *California Public Employees' Pension Reform Act of 2013*" below), however, is expected to help reduce certain future pension obligations of public employers with respect to employees hired on or after January 1, 2013. The District cannot predict the impact these changes will have on its contributions to CalPERS in future years.

CalPERS produces a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS comprehensive annual financial report and actuarial valuations may be obtained from CalPERS Financial Services Division. The information presented in these reports is not incorporated by reference in this Official Statement. The information presented in these reports is not incorporated by reference in this Official Statement.

California Public Employees' Pension Reform Act of 2013. The Governor signed the California Public Employee's Pension Reform Act of 2013 (the "**Reform Act**" or "**PEPRA**") into law on September 12, 2012. The Reform Act affects both CalSTRS and CalPERS, most substantially as they relate to new employees hired after January 1, 2013 (the "**Implementation Date**"). As it pertains to CalSTRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2.0% "age factor" (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. For non-safety CalPERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2.0% age factor from age 55 to 62 and also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to CalPERS and CalSTRS including the following: (a) all new participants enrolled in CalPERS and CalSTRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) CalSTRS and CalPERS are both required 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 CalSTRS members who retire with 25 years of service), and (c) "pensionable compensation" is capped 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 CalSTRS and CalPERS members not participating in social security.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). CalSTRS and CalPERS liabilities are more fully described in APPENDIX C – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018." The District is not permitted to pay down its portion of retirement liability for CalSTRS or CalPERS.

GASB 67 and 68. In June 2012, the Governmental Accounting Standards Board approved a pair of related statements, Statement Number 67, Financial Reporting for Pension Plans ("**Statement Number 67**"), which addresses financial reporting for pension plans, and Statement Number 68, Accounting and Financial Reporting for Pensions ("**Statement Number 68**"), which establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in these statements changed how governments calculated and reported the costs and obligations associated with pensions. Statement Number 67 replaced the requirements of Statement Number 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, for most public employee pension plans, and Statement Number 68 replaced the requirements of Statement Number 27, Accounting for Pensions by State and Local Governmental Employers, for most government employers. The new statements also replaced the requirements of Statement Number 50, Pension Disclosures, for those governments and pension plans. Certain of the major changes included: (i) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities are currently typically included as notes to the government's financial statements); (ii) full pension costs would be shown as expenses regardless of actual contribution levels; (iii) lower actuarial discount rates would be required to be used for most plans for certain purposes of the financial statements, resulting in increased liabilities and pension expenses; and (iv) shorter amortization periods for unfunded liabilities would be required to be used for certain purposes of the financial statements, which generally would increase pension expenses. Statement Number 67 became effective beginning in fiscal year 2013-14, and Statement Number 68 became effective beginning in fiscal year 2014-15.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make. CalSTRS and CalPERS are more fully described in Notes 8 and 9 to the District's financial statements attached hereto as APPENDIX C – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

Other Post-Employment Benefits. In addition to the retirement plan benefits with CalSTRS and CalPERS, the District provides post-employment health care benefits to eligible employees and their dependents under a single employer defined benefit other post-employment benefit ("**OPEB**") plan (the "**Plan**"). Membership in the Plan consists of 3,114 retirees and beneficiaries currently receiving benefits and 4,379 active plan members.

In 2017, the District implemented GASB Statement Number 75 ("**Statement Number 75**"). Under Statement Number 75, net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service ("**total OPEB liability**"), less the amount of the OPEB plan's fiduciary net position. For the year ended June 30, 2018, the District's total OPEB liability was $780,518,410, its net OPEB liability was $725,760,458, and its recognized OPEB expense was $41,814,704. For additional information about the District's Plan, as well as information regarding the actuarial study of retiree health liabilities, see Note 10 to the District's financial statements attached hereto as APPENDIX C – "FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018."

According to an actuarial study prepared as of October 24, 2019 by MacLeod Watts Inc., for the year ended June 30, 2019, the District's total OPEB liability was $598,953,650, its net OPEB liability was $526,175,712, and its recognized OPEB expense was $8,271,489.

The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program ("**CERBT**"). The funds in the CERBT are held in trust and will be administered by CalPERS. The District contributed funds to the CERBT in the total recognized actuarial value of approximately $54.8 million as of fiscal year ending June 30, 2018. Any additional assets contributed to the CERBT will be applied to offset the Accrued Actuarial Liability and decrease the Unfunded Accrued Actuarial Liability as of the District's next valuation report. The CERBT balance as of June 30, 2019 is $86.4 million, which includes fiscal year 2018-19 contributions of $9.0 million.

Accrued Vacation. The long-term portion of accumulated and unpaid employee vacation for the District as of June 30, 2018, was $4.2 million.

Restricted Maintenance Reserve Account

As a condition to receiving State modernization or construction funds, the District has agreed to fund a restricted maintenance reserve account in the general fund each year for 20 years. For fiscal year 2019-20, the minimum amount required to be deposited into the account is the lesser of 3% of the total general fund expenditures for that fiscal year, or the amount the District deposited into the account in fiscal year 2018-19. For fiscal year 2019-20, the District has budgeted to fund a maintenance reserve contribution of approximately $17.5 million or 3% of the general fund expenditures.

Insurance, Risk Pooling and Joint Powers Arrangement

The District is a member of the Schools Insurance Authority (the "**SIA**"), a Joint Powers Authority (a "**JPA**") which operates as a common risk management and insurance program for property and liability coverage. In June 2004, the Board of Education terminated its relationship with CASA, also a JPA. CASA was intended to offer an alternative retirement system for certain District personnel. The District is also a member of the California Schools Vision Coalition and the California Schools Dental Coalition.

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the Education Code (the "Charter School Law"). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education. A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are to (a) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system, (b) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability and (c) provide competition within the public school system to stimulate improvements in all public schools.

A school district has certain fiscal oversight and other responsibilities with respect to both dependent and independent charter schools. Independent charter schools receive their funding directly from the State and are not included in a school district's financial reports and audited financial statements and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State. Dependent charter schools receive their funding from the school district and would be included in the school district's financial reports and audited financial statements.

Fifteen charter schools authorized by the District currently operate in the District's boundaries, five of which are dependent and ten of which are independent. For the independent charter schools, the District pays revenue in lieu of property taxes up to the LCFF amount for charter students originating within the District. For fiscal year 2019-20, the District has budgeted to make in-lieu payments in an amount equal to approximately $12.8 million.

Recent Legislative Developments. Assembly Bill 1505 was recently enacted ("**AB 1505**"), which aims to slow the growth of charter schools. AB 1505 will give school districts increased leverage to deny applications for new charter schools by providing school districts additional discretion when authorizing charter schools to consider the number and enrollment in proposed charter schools, academic outcomes and offerings and a statement of need for the school. The District cannot predict the impact such legislation will have on its operations and finances.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

On June 6, 1978, State voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) 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% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

County of Orange v. Orange County Assessment Appeals Board No. 3. Section 51 of the State Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court, and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the recapture law in place.

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 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment 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 the 1981-82 fiscal year, assessors in the State no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed at $4 per $100 assessed value. All taxable property is now shown at full market 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 market value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979, thereby adding Article XIIIB to the State Constitution ("**Article XIIIB**"). Under Article XIIIB state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the "appropriations limit." Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

In fiscal year 2018-19, the District had an appropriations limit of approximately $275.5 million and appropriations subject to such limit of $275.5 million. The District has budgeted an appropriations limit in fiscal year 2019-20 of approximately $283.0 million. Any proceeds of taxes received by the District in excess of the allowable limit are absorbed into the State's allowable limit.

Article XIIIC and Article XIIID of the State 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 State Constitution Articles XIIIC and XIIID ("**Article XIIIC**" and "**Article XIIID**," respectively), 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 State 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 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 State 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 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State 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.

Statutory Limitations

On November 4, 1986, State voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute: (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing; and (d) required local agencies to stop collecting any new or higher general tax adopted after July 31, 1985, unless a majority of the voters approved the tax by November 1, 1988.

Appellate court decisions following the approval of Proposition 62 determined that certain provisions of Proposition 62 were unconstitutional. However, the California Supreme Court upheld Proposition 62 in its decision on September 28, 1995 *in Santa Clara County Transportation Authority v. Guardino.* This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as whether the decision applies retroactively, what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). The Accountability Act changed 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 (collectively, "**K-14 districts**") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, which percentage is equal to 40.9%, or (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for growth in enrollment and inflation.

Since the Accountability Act is unclear in some details, there can be no assurance that the Legislature or a court might not interpret the Accountability Act to require a different percentage of general fund revenues to be allocated to K-14 districts than the 40.9%, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, the Governor and other fiscal observers expect the Accountability Act to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State's ability to fund such other programs by raising taxes.

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 districts. Such transfer would be excluded from the Appropriations Limit for K-14 school districts and the K-14 school Appropriations Limits 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 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 schools is 4% of the minimum State spending for education mandated by the Accountability Act, as described above.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment 1), which further modified the State Constitution to alter the spending limit and education funding provisions of Proposition 98. Most significantly, Proposition 111 (1) liberalized the annual adjustments to the spending limit by measuring the "change in the cost of living" by the change in State per capita personal income rather than the Consumer Price Index, and specified that a portion of the State's spending limit would be adjusted to reflect changes in school attendance; (2) provided that 50% of the "excess" tax revenues, determined based on a two-year cycle, would be transferred to K-14 school districts with the balance returned to taxpayers (rather than the previous 100% but only up to a cap of 4% of the districts' minimum funding level), and that any such transfer to K-14 school districts would not be built into the school districts' base expenditures for calculating their entitlement for State aid in the following year and would not increase the State's appropriations limit; (3) excluded from the calculation of appropriations that are subject to the limit appropriations for certain "qualified capital outlay projects" and certain increases in gasoline taxes, sales and use taxes, and receipts from vehicle weight fees; (4) provided that the Appropriations Limit for each unit of government, including the State, would be recalculated beginning in the 1990-91 fiscal year, based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Senate Constitutional Amendment 1 had been in effect; and (5) adjusted the Proposition 98 formula that guarantees K-14 school districts a certain amount of general fund revenues, as described below.

Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of general fund revenues (the "**first test**") or (b) 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, school districts would receive the greater of (a) the first test, (b) the second test or (c) a third test, which would replace the second test in any year when growth in per capita general fund revenues from the prior year was less than the annual growth in State per capita personal income. Under the third test, school districts would receive the amount appropriated in the prior year adjusted for change in enrollment and per capita general fund revenues, plus an additional small adjustment factor. If the third test were used in any year, the difference between the third test and the second test would become a "credit" to be paid in future years when general fund revenue growth exceeds personal income growth.

Proposition 30 and Proposition 55

On November 6, 2012, voters approved Proposition 30, also referred to as the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment. Proposition 30 temporarily (a) increased the personal income tax on certain of the State's income taxpayers by one to three percent for a period of seven years from January 1, 2012 through the end of 2018, and (b) increased the sales and use tax by one-quarter percent for a period of four years from January 1, 2013 through the end of 2016. The revenues generated from such tax increases are included in the calculation of the Proposition 98 minimum funding guarantee (see "– Proposition 98 and Proposition 111" above). The revenues generated from such temporary tax increases are deposited into a State account created pursuant to Proposition 30 (the "**Education Protection Account**"), and 89% of the amounts therein are allocated to school districts and 11% of the amounts therein are allocated to community college districts.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the California Tax Extension to Fund Education and Healthcare Initiative ("**Proposition 55**"), approved by voters on November 8, 2016, extends by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30; Proposition 55 did not extend the sales tax increases imposed by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Applications of Constitutional and Statutory Provisions

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. For a discussion of how the provisions of Proposition 98 have been applied to school funding see "DISTRICT FINANCIAL MATTERS – State Funding of Education; State Budget Process."

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

Rainy Day Fund. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multi-year budget forecast; and (vi) create a Proposition 98 reserve (the "**Public School System Stabilization Account**") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

The 2019-20 State Budget includes a constitutionally required deposit into the Public School System Stabilization Account in the amount of $376.5 million. Such deposit to the Public School System Stabilization Account does not initiate any school district reserve caps under SB8 858 or SB 751 (described below), as the amount in the Public School System Stabilization Account (which is equal to the fiscal year 2019-20 deposit) is not equal to or greater than 3% of the total K-12 of the Proposition 98 guarantee (approximately $2.1 billion).

SB 858. SB 858 became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an A.D.A. of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the State Education Code, or (b) for school districts with an A.D.A. that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the State Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The District, which has an A.D.A. of less than 400,000, is required to maintain a reserve for economic uncertainty in a minimum amount of 2% of its general fund expenditures and other financing uses.

SB 751. SB 751, enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Bonds as and when due.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, as well as Propositions 2, 30, 55, 62, 98, 111 and 218 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 or the District's ability to expend revenues.

APPENDIX B

THE ECONOMY OF THE DISTRICT

The District encompasses a large portion of the City of Sacramento (the "City"), small portions of the cities of Rancho Cordova and Elk Grove, and adjacent unincorporated areas of Sacramento County. The following economic data for the City and County are presented for information purposes only. The Bonds are not a debt or obligation of the City or the County, and taxes to pay the Bonds are levied only on taxable property located within the District. Neither the District nor the Underwriter takes responsibility for the information herein.

Population

The population of the City and County from 2000 through 2019 is provided in the table below.

POPULATION GROWTH
City of Sacramento and County of Sacramento
2000 through 2019

	City of Sacramento		County of Sacramento	
Year	Population	Annual % Change	Population	Annual % Change
2000	407,018	–	1,223,499	–
2001	412,918	1.4%	1,248,072	2.0%
2002	423,084	2.5	1,279,588	2.5
2003	429,918	1.6	1,307,189	2.2
2004	436,799	1.6	1,331,910	1.9
2005	442,662	1.3	1,350,523	1.4
2006	445,774	0.7	1,365,214	1.1
2007	452,711	1.6	1,380,172	1.1
2008	458,965	1.4	1,394,510	1.0
2009	463,633	1.0	1,406,168	0.8
2010	466,488	0.6	1,418,788	0.9
2011	470,310	0.8	1,432,359	1.0
2012	473,175	0.6	1,444,950	0.9
2013	474,949	0.4	1,456,502	0.8
2014	478,518	0.8	1,466,877	0.7
2015	483,303	1.0	1,484,379	1.2
2016	486,154	0.6	1,498,127	0.9
2017	493,771	1.6	1,515,015	1.1
2018	500,724	1.4	1,530,242	1.0
2019	508,172	1.5	1,546,174	1.0

Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2001-2010 with 2000 & 2010 Census Counts for City and County of Sacramento for years 2000-2009; California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011–2019, with 2010 Census Benchmark for City and County of Sacramento for years 2010-2019.

Employment

Set forth in the tables below is information on the County's wage and salary employment, civilian labor force, and unemployment.

ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT
County of Sacramento
2013 through 2018[(1)]

Industry	Employment[(2)]					
	2013	2014	2015	2016	2017	2018
Farm	2,600	2,600	2,700	2,200	3,200	2,600
Mining & Logging	200	200	100	200	100	200
Construction	27,100	28,500	31,000	32,900	35,500	37,800
Manufacturing	20,900	21,300	20,800	21,100	21,100	21,500
Trade, Transportation and Utilities	87,200	87,500	90,800	94,100	96,100	99,400
Information	11,000	10,200	10,000	9,700	8,500	8,400
Financial Activities	31,500	31,200	32,700	33,200	33,400	33,800
Professional and Business Services	86,100	88,100	88,400	94,400	94,900	98,700
Education and Health Services	91,200	93,300	102,000	109,500	106,800	111,400
Leisure and Hospitality	53,700	56,000	58,700	60,800	62,500	64,800
Other Services	19,600	20,300	20,800	21,200	22,400	23,200
Government	156,700	160,700	163,300	164,700	163,800	164,600
Total	587,800	599,900	621,300	644,000	648,300	666,400

(1) Most current information available.
(2) Employment is reported by place of work: it does not include persons involved in labor-management disputes.
Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.
Source: California State Department of Employment Development, Labor Market Information Division.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
County of Sacramento
Annual Averages, 2001 through 2018

Year	Civilian Labor Force	Employed Labor Force[1]	Unemployed Labor Force[2]	Unemployment Rate[3]
2001	624,700	596,400	28,300	4.5%
2002	645,500	609,000	36,500	5.7
2003	657,000	618,300	38,700	5.9
2004	661,600	624,400	37,200	5.6
2005	665,600	632,500	33,100	5.0
2006	670,500	638,600	31,900	4.8
2007	676,800	640,000	36,800	5.4
2008	680,500	631,700	48,800	7.2
2009	681,700	605,000	76,800	11.3
2010	684,700	597,700	87,000	12.7
2011	680,700	598,600	82,000	12.1
2012	682,900	611,400	71,400	10.5
2013	680,000	620,200	59,800	8.8
2014	679,700	630,400	49,300	7.3
2015	689,000	647,600	41,400	6.0
2016	707,400	669,200	38,200	5.4
2017	698,100	665,600	32,500	4.7
2018	710,400	683,500	27,000	3.8

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) This rate is computed from unrounded data: it may differ from rates computed from rounded figures in this table.
Source: California State Department of Employment Development, Labor Market Information Division.

Major Employers

The table below represents the largest employers in the City as set forth in the City of Sacramento Comprehensive Annual Financial Report for fiscal year ended June 30, 2018.

LARGEST EMPLOYERS
City of Sacramento

Company	Type of Business	Employees
State of California	Government	75,801
UC Davis Health System	Healthcare	12,840
Sacramento County	Government	12,208
Kaiser Permanente	Healthcare	11,005
U.S. Government	Government	10,325
Sutter Health	Healthcare	8,177
Dignity Health	Healthcare	7,000
Elk Grove Unified School District	Education	6,210
Intel Corporation	Technology	6,000
Apple, Inc.	Technology	5,000

Source: City of Sacramento Comprehensive Annual Financial Report for fiscal year ended June 30, 2018.

Construction Activity

The following tables provide a summary of annual estimated building permit valuations and number of residential building permits for calendar years 2014 through 2018, for the City and for the County.

BUILDING PERMIT ACTIVITY
City of Sacramento
2014 through 2018

	2014	2015	2016	2017	2018
Valuation ($000)					
Residential	$169,479	$307,232	$469,400	$704,827	$610,883
Non-Residential	216,051	288,312	397,867	340,669	450,173
TOTAL	$385,530	$595,544	$867,268	$1,045,496	$1,061,057
Dwelling Units					
Single Family	257	435	995	1,723	1,608
Multiple family	160	813	601	1,076	813
TOTAL	417	1,248	1,596	2,799	2,421

Source: Construction Industry Research Board.

BUILDING PERMIT ACTIVITY
County of Sacramento
2014 through 2018

	2014	2015	2016	2017	2018
Valuation ($000)					
Residential	$570,733	$897,360	$950,178	$1,200,257	$1,504,929
Non-Residential	524,071	651,429	987,138	679,406	964,945
TOTAL	$1,094,804	$1,548,789	$1,937,316	$1,879,663	$2,469,875
Dwelling Units					
Single Family	1,547	2,358	2,676	3,174	3,589
Multiple family	226	815	609	1,761	1,272
TOTAL	1,773	3,173	3,285	4,935	4,861

Source: Construction Industry Research Board.

Commercial Activity

The following tables show taxable sales within the City and the County for 2014 through 2018.

TAXABLE SALES
City of Sacramento
2014 through 2018
($000)

	2014	2015	2016	2017	2018
Motor Vehicle & Parts Dealers	$397,302	$494,138	$ 592,961	$ 605,178	$ 578,179
Home Furnishings & Appliance Stores	254,332	319,599	312,443	304,979	304,898
Building Material & Garden Equipment	296,075	321,595	358,734	393,822	402,630
Food & Beverage Stores	320,301	330,704	335,386	351,094	373,922
Gasoline Stations	578,764	500,135	459,366	508,859	587,659
Clothing & Clothing Accessories Stores	329,495	349,842	354,275	345,914	363,708
General Merchandise Stores	505,521	505,882	493,675	507,844	553,157
Food Service s& Drinking Places	848,980	934,199	1,005,781	1,073,795	1,126,696
Other Retail Group	505,414	531,046	571,602	588,477	613,706
Total Retail Stores	$4,036,184	$4,287,141	$4,484,222	$4,679,961	$4,904,555
All Other Outlets	1,827,038	1,933,228	1,998,709	2,112,236	2,252,814
Total All Outlets(1)	$5,863,222	$6,220,369	$6,482,931	$6,792,197	$7,157,369

(1) Columns may not sum to totals due to rounding.
Source: California State Board of Equalization.

TAXABLE SALES
County of Sacramento
2014 through 2018
($000)

	2014	2015	2016	2017	2018
Motor Vehicle & Parts Dealers	$2,797,532	$3,201,485	$ 3,528,649	$3,671,622	$3,632,819
Furniture & Home Furnishings Stores	340,187	1,116,794	11,901,529	1,127,639	1,101,629
Electronics &Appliance Stores	664,145	-	-	-	-
Building Material & Garden Equipment	1,168,008	1,275,705	1,432,809	1,551,120	1,571,757
Food & Beverage Stores	959,756	989,546	1,001,268	1,055,814	1,115,407
Health & Personal Care Stores	425,648	-	-	-	-
Gasoline Stations	1,857,065	1,575,528	1,452,889	1,628,015	1,882,373
Clothing & Clothing Accessories Stores	921,913	959,454	1,021,648	1,037,869	1,102,620
Sporting Goods, Hobby, Musical Instruments, & Book Stores	448,255	-	-	-	-
General Merchandise Stores	2,157,986	2,178,705	2,202,579	2,289,025	2,402,538
Miscellaneous Store Retailers	593,179	-	-	-	-
Nonstore Retailers	244,464	-	-	-	-
Food Services & Drinking Places	2,071,554	2,273,722	2,437,821	2,580,286	2,691,149
Other Retail	-	1,825,439	1,932,719	1,993,483	2,093,088
Total Retail Stores	$14,649,693	$15,396,375	$16,200,531	$16,934,872	$17,593,375
All Other Outlets	6,412,208	6,821,972	7,167,643	7,675,745	7,850,294
Total All Outlets(1)	$21,061,901	$22,218,348	$23,368,174	$24,610,617	$25,443,669

(1) Columns may not sum to totals due to rounding.
Source: California State Board of Equalization.

Income

The following tables provide a summary of per capita personal income for the County, the State, and the United States, and personal income and annual percent change for the County, for the calendar years shown.

PER CAPITA PERSONAL INCOME
2000 through 2017[(1)]

Year	Sacramento County	California	United States
2000	$29,691	$33,391	$30,602
2001	31,018	34,091	31,540
2002	31,484	34,306	31,815
2003	32,685	35,381	32,692
2004	34,005	37,244	34,316
2005	35,184	39,046	35,904
2006	36,910	41,693	38,144
2007	37,938	43,182	39,821
2008	38,870	43,786	41,082
2009	38,085	41,588	39,376
2010	38,453	42,411	40,277
2011	40,098	44,852	42,453
2012	41,913	47,614	44,266
2013	42,676	48,125	44,438
2014	43,944	49,985	46,049
2015	46,539	53,741	48,112
2016	48,850	57,497	49,831
2017	50,197	59,796	51,640

[(1)] Most recent data available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

PERSONAL INCOME
2000 through 2017[(1)]
(in thousands)

Year	Sacramento County	Annual Percent Change
2000	$36,518,147	–
2001	39,276,988	7.6%
2002	40,962,722	4.3
2003	43,423,556	6.0
2004	45,869,878	5.6
2005	47,878,798	4.44
2006	50,550,671	5.6
2007	52,398,021	3.7
2008	54,201,689	3.4
2009	53,647,258	(1.0)
2010	54,673,384	1.9
2011	57,564,251	5.3
2012	60,721,694	5.5
2013	62,440,643	2.8
2014	65,126,187	4.3
2015	69,870,482	7.3
2016	73,922,295	5.8
2017	76,832,120	3.9

(1) Most recent data available.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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APPENDIX C

FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2018

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Sacramento City Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sacramento City Unified School District, as of June 30, 2018, 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.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting for Financial Reporting for Postemployment Benefits Other than Pensions”. The implementation of Statement No. 75 resulted in a cumulative adjustment to the District's July 1, 2017 net position by $525,639,162 because of the recognition of the net OPEB liability. Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management’s Discussion and Analysis* on pages 4 to 15 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule, the Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Contributions - OPEB, the Schedule of Money-Weighted Rate of Return on OPEB Plan Investments, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 61 to 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sacramento City Unified School District’s basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018 on our consideration of Sacramento City Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sacramento City Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
November 27, 2018

Management's Discussion and Analysis

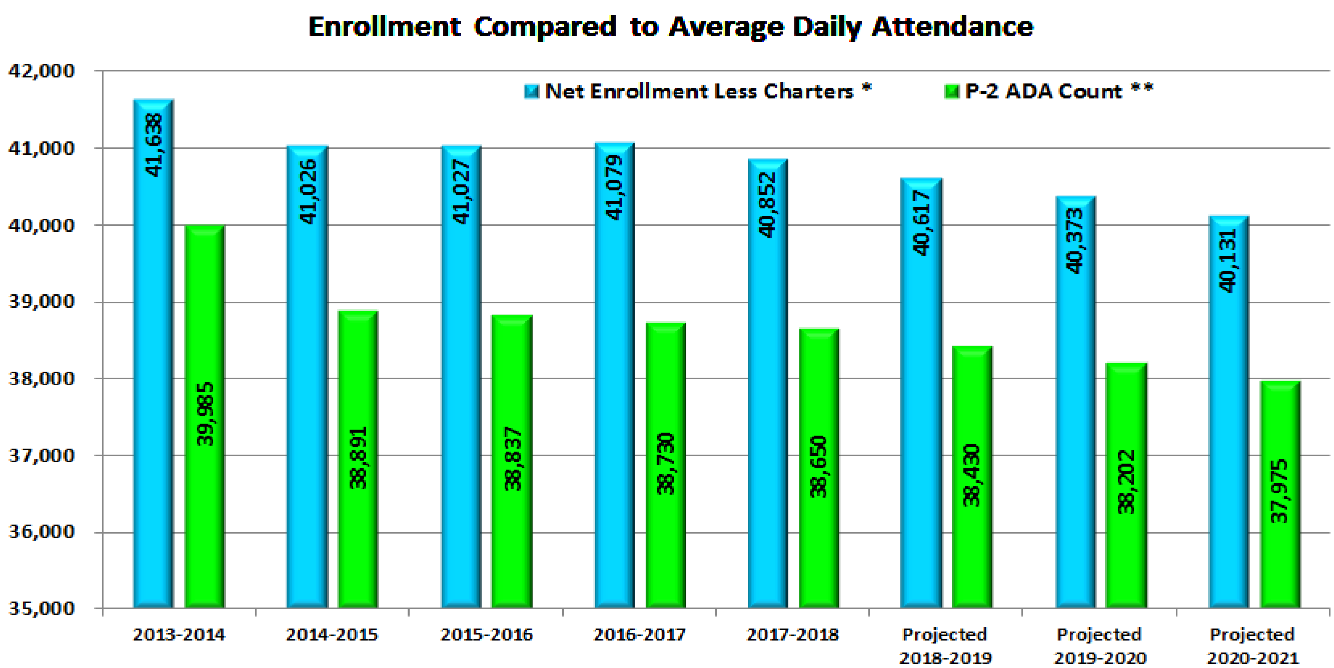
The Management's Discussion and Analysis (MD&A) Section of the audit report is District management's overall view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the Board and the public. The MD&A is an element of the reporting model adopted by 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 Superintendent of Schools, although the District has attained "fiscal accountability" status under California Education Code.

For fiscal year 2017-2018, the District operated forty-one elementary schools (grades K-6), eight 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 and fifteen charter schools (both dependent and independent) and forty-four children's centers/preschools serving infants through age 12.

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



* Enrollment is as of California Basic Educational Data System (CBEDS) date in October each year

** P-2 ADA is collected as of the last full school month ending on or before April 15th

Source: California Department of Education

Governance

The District is governed by a Board of Education consisting of seven members and one student member. The regular members are elected to staggered four-year terms every two years. As a result of the passage of two ballot measures at the November 7, 2006 election, 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.

Strategic Plan and Guiding Principle (Continued)

- Operational Excellence: Be a service-focused organization. We will 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 three parts: (1) management's discussion and analysis (this section); (2) the financial statements; and (3) required supplementary information.

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 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 16.

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 18.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Financial Condition

The Statement of Net Position is a district-wide financial statement that reports all that the District owns (assets) and owes (liabilities). Fiscal year 2001-2002 was the first year the District accounted for the value of fixed assets and included these values as part of the financial statements. We display the book value of all district assets including buildings, land and equipment, and related depreciation, in this financial statement. Land is accounted for at purchase cost, not market value, and is not depreciated. Many of our school sites have low values because the district acquired the land many decades ago. School buildings are valued at their historical construction cost less depreciation.

District-wide Financial Condition (Continued)

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

	June 30, 2018	June 30, 2017	Variance	% Difference
Capital Assets	$561,290,672	$554,196,339	$7,094,333	1%
Other Assets	$357,920,926	$407,462,817	($49,541,891)	-12%
Total Assets	$919,211,598	$961,659,156	($42,447,558)	-4%
Deferred Outflows of Resources	$207,599,670	$82,280,898	$125,318,772	152%
Current and Other Liabilities	$62,234,975	$66,448,046	($4,213,071)	-6%
Long-Term Liabilities	$1,804,562,828	$1,285,646,178	$518,916,650	40%
Total Liabilities	$1,866,797,803	$1,352,094,224	$514,703,579	38%
Deferred Inflows of Resources	$122,130,142	$25,051,000	$97,079,142	388%
Net Investment in Capital Assets (net of related debt)	$98,731,556	$105,170,078	($6,438,522)	-6%
Restricted Net Position	$104,507,628	$101,339,277	$3,168,351	3%
Unrestricted Net Position	($1,065,355,861)	($539,714,525)	($525,641,336)	97%
Total Net Position	($862,116,677)	($333,205,170)	($528,911,507)	159%

At the end of fiscal year 2017-2018, the District had a total value of $1,117,458,439 in capital assets. Capital assets include land, buildings, site improvements, equipment and work in progress. Total accumulated depreciation amounted to $556,167,767. Net capital assets totaled $561,290,672, an increase of $7,094,333 from prior year. This is a result of capital projects being completed through Measures Q and R General Obligation Bonds.

District-wide Financial Condition (Continued)

Other assets include cash, investments, receivables, prepaid expenses and stores inventory. A decrease in other assets of $49,541,891 is mostly a result of less cash with fiscal agent for the Building Fund as compared with the prior year. The Building Fund cash accounts are used to fund the District's capital asset improvements (i.e. Measures Q and R General Obligations Bonds).

The District ended the year with a total of $1,866,797,803 in outstanding obligations. The increase in total liabilities of $514,703,579 is mainly attributed to the recognition of our entire Other Post Employment Benefit (OPEB) liability under GASB Statement No. 75 and an increase in pension liability. Pension expense recognition as well as the change in OPEB accounting recognition also contributed to the increases in both Deferred Outflows and Deferred Inflows of Resources.

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:

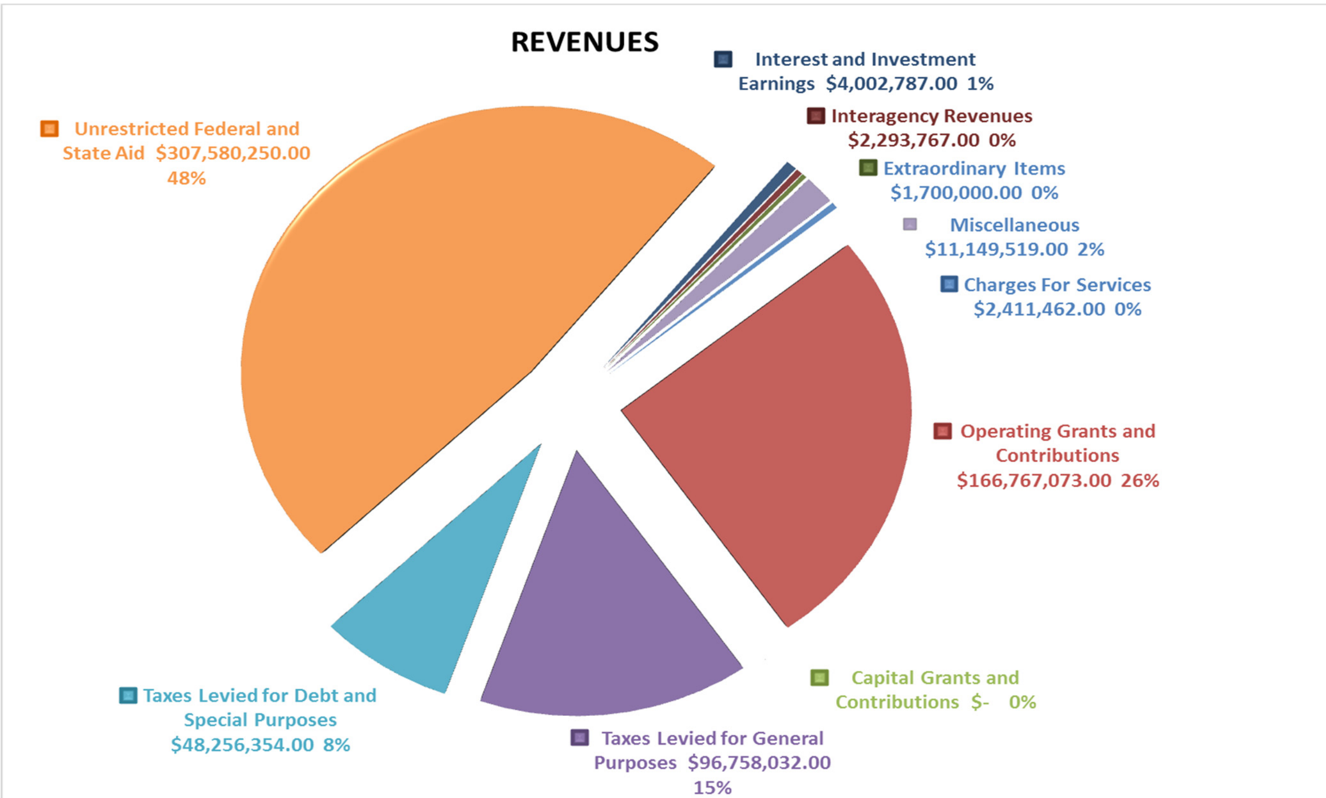
	June 30, 2018	June 30, 2017	Variance	% Difference
Expenses				
Governmental Activities:				
Instruction	$388,798,356	$370,749,498	$18,048,858	5%
Instruction-Related Services	$76,868,127	$69,765,821	$7,102,306	10%
Pupil Services	$71,048,536	$67,108,590	$3,939,946	6%
General Administration	$26,551,336	$25,065,039	$1,486,297	6%
Plant Services	$51,394,540	$46,616,595	$4,777,945	10%
Interest on Long-Term Debt	$25,215,610	$20,737,032	$4,478,578	22%
All Other Expenses and Outgo	$4,315,084	$26,931,353	($22,616,269)	-84%
Total Governmental Activity Expenses	$644,191,589	$626,973,928	$17,217,661	3%

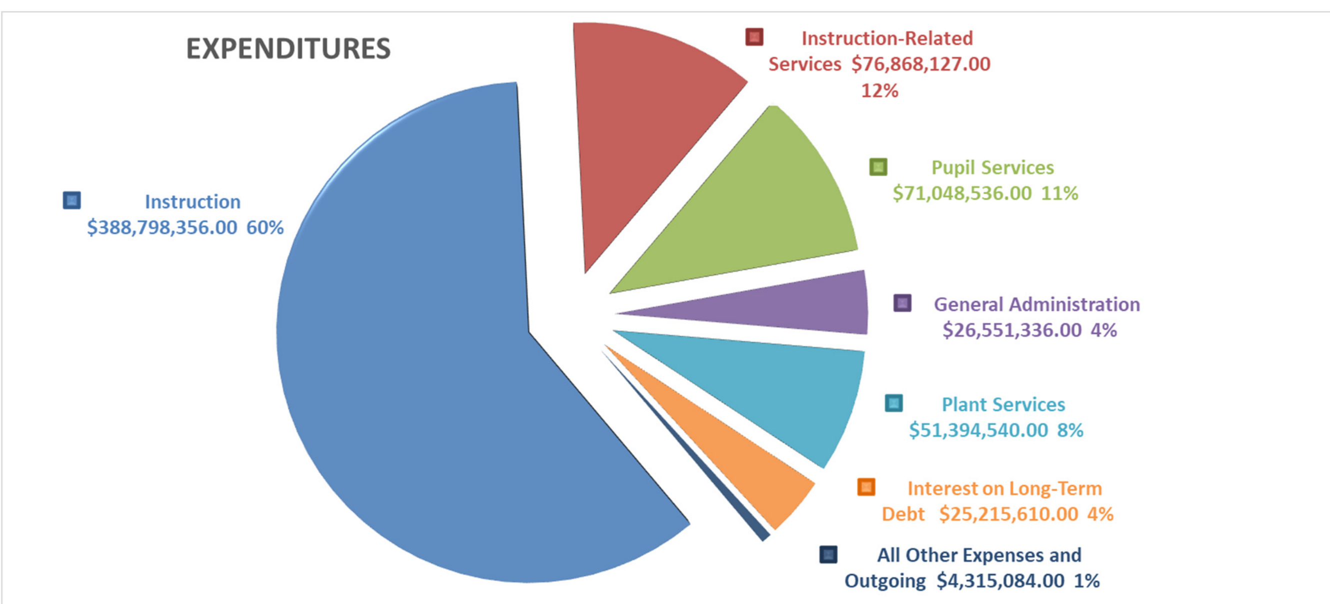
Revenues				
Charges For Services	$2,411,462	$2,460,607	($49,145)	-2%
Operating Grants and Contributions	$166,767,073	$166,111,607	$655,466	0%
Capital Grants and Contributions	$0	$0	$0	
Taxes Levied for General Purposes	$96,758,032	$89,744,074	$7,013,958	8%
Taxes Levied for Debt and Special Purposes	$48,256,354	$40,745,172	$7,511,182	18%
Unrestricted Federal and State Aid	$307,580,250	$305,643,603	$1,936,647	1%
Interest and Investment Earnings	$4,002,787	$7,714,085	($3,711,298)	-48%
Interagency Revenues	$2,293,767	$2,352,234	($58,467)	-2%
Special and Extraordinary Items	$1,700,000	$0	$1,700,000	
Miscellaneous	$11,149,519	$13,804,014	($2,654,495)	-19%
Total Revenues	$640,919,244	$628,575,396	$12,343,848	2%

Change in Net Position	($3,272,345)	$1,601,468	($4,873,813)	-304%

The District overall experienced a decrease in net position of $3,272,345. This was a decrease from the prior year of $4,873,813. Total revenues increased 2%, or $12,343,848, as compared to 2016-2017, but total expenditures increased by 3%, or $17,217,661.

This year's decrease in All Other Expenses and Outgo is due to the prior year adjustment of $22,213,281 to remove the OPEB trust activity from the District's fund financials. The increase in Instruction and other categories of expenses can be attributed to district-wide salary increases.





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 and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net 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, 2018:

	Adopted Budget	Year End Budget	Actual
Total Revenues	$480,118,928	$511,751,570	$504,534,628
Total Expenditures	$502,057,349	$531,153,109	$518,008,558
Total Other Sources/(Uses)	$1,683,895	$1,174,792	$2,507,874

The net revenue increase between Adopted and Year End Budget was $31,632,642, due to current year budgets for categorical funds, which are budgeted as grant award documents are received. Also, the budgets for prior year unspent restricted and unrestricted program funds (carryover) are appropriated mid-year. In addition, the Adopted Budget did not include one-time funds such as $2,366,143 of Title I School Improvement Grants and $4,105,449 of Career Technical Education Incentive Grants.

The net increase to the total expenditure budget between Adopted and Year End Budget was $29,095,760, due to revisions to set up expenditures related to the one-time funds described above and the categorical program funds, which are budgeted after July 1 as grant award documents are received and school site plans are approved.

Actual revenues were $7,216,942, or 1.4%, below Year End Budget, due primarily to unspent and unearned categorical revenue and one-time revenues that carryover to 2018-19. Actual expenditures were $13,144,551, or 2.5% below Year End Budget, due to timing of grants received in the later part of the year, unspent categorical revenue and unspent school site program funds.

The following table summarizes the General Fund operational fund financial statements for the year ended June 30, 2018:

Total Revenue	$504,534,628
Total Expenditures	$518,008,558
Other Financing Sources & Uses	$2,507,874
Net Change	($10,966,056)

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 our size to retain an amount equal to 2% of our 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 2017-18 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, 2018	June 30, 2017	Difference
Fund 01 General	$70,500,751	$81,466,807	($10,966,056)
Fund 09 Charter Schools	$3,364,988	$4,020,812	($655,824)
Fund 11 Adult Education	$0	$467,678	($467,678)
Fund 12 Child Development	$16,296	$1,297,883	($1,281,587)
Fund 13 Cafeteria	$11,206,788	$10,846,642	$360,146
Fund 14 Deferred Maintenance	$0	$160,613	($160,613)
Fund 21 Building	$147,183,197	$183,598,722	($36,415,525)
Fund 25 Developer Fees	$14,663,941	$9,644,267	$5,019,674
Fund 49 Community Facilities	$3,504,915	$2,409,063	$1,095,852
Fund 51 Bond Interest and Redemption	$39,273,247	$40,952,072	($1,678,825)
Fund 67 Self Insurance	$11,630,221	$9,862,314	$1,767,907

Capital Projects

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

Total Expenditures for Fiscal Year Ended June 30, 2018

Measure Q		$ 30,662,422
• Program Management Expenditures	$ 1,083,511	
• Completed Project Expenditures:		
▪ Core Academic Renovation	8,010,138	
▪ District-wide Fire & Irrigation Improvements	1,986,972	
▪ Modernization, Repair & Upgrades	8,478,620	
▪ Program Enhancements	400,495	
▪ Resource and Energy Conservation Improvement Projects	361,991	
• In Progress Project Expenditures:		
▪ Core Academic Renovation	1,347,248	
▪ District-wide Fire & Irrigation Improvements	345,028	
▪ Modernization, Repair & Upgrades	5,743,370	
▪ Program Enhancements	454,060	
▪ Resource and Energy Conservation Improvement Projects	111,484	
▪ Technology Upgrades	2,339,505	
Measure R		$ 6,029,040
• Program Management Expenditures	$ 258,278	
• In Progress Project Expenditures:		
▪ Athletics: Fields, Gyms, Locker Rooms	2,367,526	
▪ Nutrition Services Center	3,403,236	

Summary of Future Projects as of June 30, 2018

Project Year(s)	Projects	Estimated Budget	
Measure Q			$ 77,100,000
2019-2021	Core Academic Renovation	$ 27,729,000	
2019-2021	Modernization, Repair & Upgrade Projects	46,871,000	
2019-2021	Resource & Energy Conservation Improvement Projects	2,500,000	
Measure R			$ 30,900,000
2019-2021	Nutrition Services Center	30,900,000	

District Indebtedness

As of June 30, 2018, the District has incurred $1,804,562,828 in long-term liabilities. Of this amount, $504,146,352 are General Obligation Bonds and Accreted Interest backed by property tax increases voted on by District residents in 1999, 2002 and 2012, and $65,565,000 of Lease Revenue Bonds, backed by Mello-Roos Community Facilities funds.

Over 66% of our long-term debt is related to our investment in our employees post-retirement. The District continues to provide lifetime health benefits to eligible retirees. With the adoption of GASB Statement No. 75, our recognized net OPEB liability increased to $725,760,458. Additionally, our pension liability increased $63,064,000 to $468,143,000.

Financial Outlook

A continued decline in ADA, increased operating expenses, such as rising Special Education costs and pension and health premium increases, and uncertain future state resources are key issues facing Sacramento City Unified School District. The development of future budgets will be influenced by external variables such as the State Budget and enrollment changes.

The District is working with the Sacramento County Office of Education (SCOE) and fiscal advisor to ensure future fiscal stability. While the 2018-2019 budget has yet to be approved by SCOE, the goal of our interim budget reporting is to provide a budget that can be certified “qualified.” Multiyear budget projections will become clearer once the January Governor’s Proposed Budget is released and the May Revision is issued. In the meantime, the District is working with its partners and evaluating all opportunities for an improved future financial outlook.

BASIC FINANCIAL STATEMENTS

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 319,892,472
Receivables	37,455,634
Prepaid expenses	13,380
Stores inventory	559,440
Non-depreciable capital assets (Note 4)	39,563,391
Depreciable capital assets, net of accumulated depreciation (Note 4)	521,727,281
Total assets	919,211,598
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 8 and 9)	172,099,949
Deferred outflows of resources - OPEB (Note 10)	33,078,830
Deferred loss on refunding of debt	2,420,891
Total deferred outflows of resources	207,599,670
LIABILITIES	
Accounts payable	53,091,798
Unpaid claims and claim adjustment expenses (Note 5)	543,004
Unearned revenue	8,600,173
Long-term liabilities (Note 6):	
Due within one year	69,595,156
Due after one year	1,734,967,672
Total liabilities	1,866,797,803
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB (Note 10)	77,274,142
Deferred inflows of resources - pensions (Notes 8 and 9)	44,856,000
Total deferred inflows of resources	122,130,142
NET POSITION	
Net investment in capital assets	98,731,556
Restricted:	
Legally restricted programs	24,812,188
Capital projects	40,422,193
Debt service	39,273,247
Unrestricted	(1,065,355,861)
Total net position	$ (862,116,677)

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 388,798,356	$ 928,820	$ 94,073,025	$ -	$ (293,796,511)
Instruction-related services:					
Supervision and administration	35,697,972	77,296	19,777,639	-	(15,843,037)
Library, media and technology	3,134,490	544	678,477	-	(2,455,469)
School site administration	38,035,665	5,164	3,576,890	-	(34,453,611)
Pupil services:					
Home-to-school transportation	12,990,382	4,875	116,871	-	(12,868,636)
Food services	23,493,046	1,040,621	23,891,196	-	1,438,771
All other pupil services	34,565,108	132,270	15,983,922	-	(18,448,916)
General administration:					
Centralized data processing	5,227,831	5,641	41,899	-	(5,180,291)
All other general administration	21,323,505	45,783	4,130,236	-	(17,147,486)
Plant service	51,394,540	168,052	4,242,713	-	(46,983,775)
Ancillary services	3,033,595	2,396	133,910	-	(2,897,289)
Community services	616,628	-	101,005	-	(515,623)
Enterprise activities	5,034	-	-	-	(5,034)
Other outgo	659,827	-	19,290	-	(640,537)
Interest on long-term liabilities	25,215,610	-	-	-	(25,215,610)
Total governmental activities	$ 644,191,589	$ 2,411,462	$ 166,767,073	$ -	(475,013,054)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					96,758,032
Taxes levied for debt service					44,815,181
Taxes levied for other specific purposes					3,441,173
Federal and state aid not restricted to specific purposes					307,580,250
Interest and investment earnings					4,002,787
Interagency revenues					2,293,767
Miscellaneous					11,149,519
Special extraordinary and items					1,700,000
Total general revenues					471,740,709
Change in net position					(3,272,345)
Net position, July 1, 2017, as originally stated					(333,205,170)
Cumulative affect of the implementation of GASB 75					(525,639,162)
Net position, July 1, 2017, restated					(858,844,332)
Net position, June 30, 2018					$ (862,116,677)

See accompanying notes to the financial statements

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Building Fund	Bond Interest and Redemption Funds	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 75,050,277	$ 27,011,469	$ 49,754,401	$ 26,139,266	$ 177,955,413
Cash on hand and in banks	281,217	223	-	1,737,908	2,019,348
Cash in revolving fund	225,000	-	-	2,000	227,000
Cash with Fiscal Agent	-	124,929,860	4,160,726	-	129,090,586
Receivables	8,656,692	606,220	271,994	7,978,107	17,513,013
Due from grantor governments	16,311,650	-	-	2,049,664	18,361,314
Due from other funds	4,117,257	-	-	763,642	4,880,899
Prepaid expenditures	12,730	-	-	650	13,380
Stores inventory	108,722	-	-	450,718	559,440
Total assets	$ 104,763,545	$ 152,547,772	$ 54,187,121	$ 39,121,955	$ 350,620,393
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 26,947,248	$ 5,364,575	$ 13,615,906	$ 1,501,420	$ 47,429,149
Unearned revenue	6,567,313	-	1,297,968	734,892	8,600,173
Due to other funds	748,233	-	-	4,128,715	4,876,948
Total liabilities	34,262,794	5,364,575	14,913,874	6,365,027	60,906,270
Fund balances:					
Nonspendable	346,452	-	-	453,368	799,820
Restricted	10,224,116	147,183,197	39,273,247	32,303,560	228,984,120
Assigned	39,917,050	-	-	-	39,917,050
Unassigned	20,013,133	-	-	-	20,013,133
Total fund balances	70,500,751	147,183,197	39,273,247	32,756,928	289,714,123
Total liabilities and fund balances	$ 104,763,545	$ 152,547,772	$ 54,187,121	$ 39,121,955	$ 350,620,393

See accompanying notes to the financial statements

Total fund balances - Governmental Funds		$ 289,714,123
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 $1,117,458,439 and the accumulated depreciation is $556,167,767 (Note 4).		561,290,672
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, 2018 consisted of (Note 6):		
General Obligation Bonds	$ (487,612,966)	
Accreted interest	(16,533,386)	
Lease Revenue Bonds	(65,565,000)	
Premium on issuance	(36,697,438)	
Capitalized lease obligations	(34,463)	
Net pension liability (Notes 8 and 9)	(468,143,000)	
Net OPEB liability (Note 10)	(725,760,458)	
Compensated absences	(4,216,117)	
		(1,804,562,828)
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position of the Self-Insurance Fund is:		11,630,221
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:		(5,658,393)
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.		2,420,891
In government 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	$ 33,078,830	
Deferred inflows of resources relating to OPEB	(77,274,142)	
		(44,195,312)
In government 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	$ 172,099,949	
Deferred inflows of resources relating to pensions	(44,856,000)	
		127,243,949
Total net position - governmental activities		$ (862,116,677)

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, 2018

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local control funding formula (LCFF):					
State apportionment	$ 287,546,461	$ -	$ -	$ 16,549,486	$ 304,095,947
Local sources	85,807,376	-	-	-	85,807,376
Total LCFF	373,353,837	-	-	16,549,486	389,903,323
Federal sources	49,249,342	-	-	36,590,673	85,840,015
Other state sources	70,050,430	-	418,376	13,497,213	83,966,019
Other local sources	11,881,019	2,531,860	45,500,887	15,917,120	75,830,886
Total revenues	504,534,628	2,531,860	45,919,263	82,554,492	635,540,243
Expenditures:					
Current:					
Certificated salaries	196,143,370	-	-	18,478,296	214,621,666
Classified salaries	63,562,086	921,832	-	15,811,047	80,294,965
Employee benefits	160,839,811	293,039	-	22,040,346	183,173,196
Books and supplies	19,147,391	332,851	-	12,309,670	31,789,912
Contract services and operating expenditures	71,049,494	437,676	-	4,630,879	76,118,049
Other outgo	659,827	-	-	-	659,827
Capital outlay	2,202,829	37,141,559	-	1,736,036	41,080,424
Debt service:					
Principal retirement	2,218,576	-	27,235,000	200,000	29,653,576
Interest	2,185,174	-	20,363,088	930,374	23,478,636
Total expenditures	518,008,558	39,126,957	47,598,088	76,136,648	680,870,251
(Deficiency) excess of revenues (under) over expenditures	(13,473,930)	(36,595,097)	(1,678,825)	6,417,844	(45,330,008)
Other financing sources (uses):					
Transfers in	3,755,901	-	-	1,248,027	5,003,928
Transfers out	(1,248,027)	-	-	(3,755,901)	(5,003,928)
Proceeds from the sale of land/building	-	179,572	-	-	179,572
Total other financing sources (uses)	2,507,874	179,572	-	(2,507,874)	179,572
Change in fund balances	(10,966,056)	(36,415,525)	(1,678,825)	3,909,970	(45,150,436)
Fund balances, July 1, 2017	81,466,807	183,598,722	40,952,072	28,846,958	334,864,559
Fund balances, June 30, 2018	$ 70,500,751	$ 147,183,197	$ 39,273,247	$ 32,756,928	$ 289,714,123

Net change in fund balances - Total Governmental Funds	$ (45,150,436)
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).	42,853,705
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(35,652,710)
In the governmental funds, the entire proceeds from the disposal of capital assets is reported as revenue. In the statement of activities, only the resulting gain or loss is reported (Note 4).	(106,662)
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).	29,653,576
Accreted interest is an expense that is not reported in the governmental funds (Note 6).	(1,922,468)
Premiums related to the issuance of long-term liabilities is recognized as an other financing source in the governmental funds, but decreases the liability in the statement of net position. (Note 6).	2,467,442
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:	(335,656)
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.	(1,946,292)
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:	1,767,908

(Continued)

In government 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:	$ 9,706,599
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).	4,128,524
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).	(8,735,875)
Change in net position of governmental activities	$ (3,272,345)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND
June 30, 2018

ASSETS	
Current assets:	
Cash and investments:	
Cash in County Treasury	$ 10,349,432
Cash on hand and in banks	693
Cash with Fiscal Agent	250,000
Receivables	1,581,307
Total current assets	12,181,432
LIABILITIES	
Current liabilities:	
Accounts payable	4,256
Due to Other Funds	3,951
Unpaid claims and claim adjustment expenses	543,004
Total current liabilities	551,211
NET POSITION	
Unrestricted	$ 11,630,221

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN
NET POSITION - PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2018

Operating revenues:	
Self-insurance premiums	$ 15,960,525
Other local revenue	64
Total operating revenues	15,960,589
Operating expenses:	
Classified salaries	296,200
Employee benefits	150,335
Books and supplies	10,559
Contract services	13,833,807
Total operating expenses	14,290,901
Net operating income	1,669,688
Non-operating income:	
Interest income	98,220
Change in net position	1,767,908
Total net position, July 1, 2017	9,862,313
Total net position, June 30, 2018	$ 11,630,221

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SELF-INSURANCE FUND
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Cash received from self-insurance premiums	$ 14,723,900
Cash paid for employee benefits	(14,046,683)
Cash paid for other expenses	(455,236)
Net cash provided by operating activities	221,981
Cash flows provided by investing activities:	
Interest income received	98,220
Change in cash and investments	320,201
Cash and investments, July 1, 2017	10,279,924
Cash and investments, June 30, 2018	$ 10,600,125
Reconciliation of net operating income to net cash provided by operating activities:	
Net operating income	$ 1,669,688
Adjustments to reconcile net operating income to net cash provided by operating activities:	
(Increase) in:	
Receivables	(1,236,689)
(Decrease) increase in:	
Unpaid claims and claim adjustment expenses	(212,876)
Accounts payable	(2,093)
Due to other funds	3,951
Total adjustments	(1,447,707)
Net cash provided by operating activities	$ 221,981

See accompanying notes to the financial statements.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2018

	Trust Fund	Agency Funds	
	Scholar-ship Trust	Student Body Funds	Warrant Pass-Through Fund
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	$ -	$ -	$ 47,878,392
Cash on hand and in banks	482,636	1,257,115	-
Receivables	-	110	-
Stores inventory	-	5,655	-
Total assets	482,636	$ 1,262,880	$ 47,878,392
LIABILITIES			
Due to student groups	-	$ 1,262,880	$ -
Accounts payable	-	-	47,878,392
Total liabilities	-	$ 1,262,880	$ 47,878,392
NET POSITION			
Restricted for scholarships	$ 482,636		

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, 2018

	Scholarship Trust
Additions:	
Other local sources	$ 40,700
Deductions:	
Contract services and operating expenditures	33,346
Change in net position	7,354
Net position, July 1, 2017	475,282
Net position, June 30, 2018	$ 482,636

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 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C - Scope of Public Service and Financial Presentation

1. The Corporation and the Authority were created for the sole purpose of financially assisting the District.

2. The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Authority was created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to the California Government Code, commencing with Section 6500. The Corporation and the Authority were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all Corporation and Authority facilities. When the 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, 2018.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Major Funds:

1. General Fund:

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

2. Building Fund:

The Building Fund is 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 Charter Schools, Adult Education, Child Development, Cafeteria and Deferred Maintenance Funds.

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

The 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 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds. The District also has a Warrant Pass-Through Fund reported in the agency funds.

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

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

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

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

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, 2018.

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

Capital Assets: Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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	$ 133,817,733	$ 38,282,216	$ 172,099,949
Deferred inflows of resources	$ 42,288,000	$ 2,568,000	$ 44,856,000
Net pension liability	$ 344,390,000	$ 123,753,000	$ 468,143,000
Pension expense	$ 38,537,873	$ 12,431,752	$ 50,969,625

Compensated Absences: Compensated absences totaling $4,216,117 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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, stores 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, 2018, the District had no committed fund balances.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018, 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, 2018, 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.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncement: In June 2015, the Government Accounting Standards Board (GASB) issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This Statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local government employers about financial support for OPEB that is provided by other entities. The provisions in GASB Statement No. 75 are effective for fiscal years beginning after June 15, 2017. Based on the implementation of Statement No. 75, the District's July 1, 2017 net position was restated by $525,639,162 because of the recognition of the net OPEB liability and related deferred outflows of resources.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2018 are reported at fair value and consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Activities
Pooled Funds:				
Cash in County Treasury	$177,955,413	$ 10,349,432	$188,304,845	$ 47,878,392
Deposits:				
Cash on hand and in banks	2,019,348	693	2,020,041	1,739,751
Cash in revolving fund	227,000	-	227,000	-
Total deposits	2,246,348	693	2,247,041	1,739,751
Investments:				
Cash with Fiscal Agent	129,090,586	250,000	129,340,586	-
Total cash and investments	$309,292,347	$ 10,600,125	$319,892,472	$ 49,618,143

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2018, the carrying amount of the District's accounts was $3,986,792 and the bank balance was $2,459,090. $951,598 of the bank balance was FDIC insured and $1,507,492 remained uninsured.

(Continued)

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, Self 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, 2018, 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, 2018, 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, 2018 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 4,117,257	$ 748,233
Non-Major Funds:		
Charter Schools	237,843	152,513
Adult Education	450,141	748,179
Child Development	11	2,197,260
Cafeteria	75,647	1,030,225
Deferred Maintenance	-	538
Self-Insurance	-	3,951
Totals	$ 4,880,899	$ 4,880,899

(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 2017-2018 fiscal year were as follows:

Transfer from the General Fund to the Charter Schools Fund to sustain Sacramento New Tech Charter School.	$ 237,620
Transfer from the General Fund to the Charter School Fund for the district-wide school climate survey incentive.	2,000
Transfer from the General Fund to the Charter School Fund for revenue from civic permits generated at New Joseph Bonnheim Community Charter.	78
Transfer from the General Fund to the Adult Education Fund for contribution for parent education for preschool classes.	444,689
Transfer from the General Fund to the Adult Education Fund for contribution to graphic arts.	573
Transfer from the General Fund to the Child Development Fund to sustain child development programs.	502,296
Transfer from the General Fund to the Cafeteria Fund to reimburse child nutrition for bad debt for negative meal accounts.	60,771
Transfer from the Charter Schools Fund to the General Fund for Charter Fees.	1,719,653
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	10,048
Transfer from the Adult Education Fund to General Fund for indirect costs.	77,609
Transfer from the Child Development Fund to the General Fund for indirect costs.	971,347
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	977,244
	$ 5,003,928

(Continued)

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2018 is shown below:

Governmental Activities	Balance July 1, 2017	Transfers and Additions	Transfers and Deductions	Balance June 30, 2018
Non-depreciable:				
Land	$ 19,790,495	$ 1,490,000	$ 57,000	$ 21,223,495
Work-in-process	38,255,180	15,428,057	35,343,341	18,339,896
Depreciable:				
Buildings	799,596,566	48,384,388	1,036,727	846,944,227
Site improvements	166,583,416	7,810,945	289,819	174,104,542
Equipment	53,072,435	5,083,656	1,309,812	56,846,279
Totals, at cost	1,077,298,092	78,197,046	38,036,699	1,117,458,439
Less accumulated depreciation:				
Buildings	(400,023,849)	(22,638,717)	(999,916)	(421,662,650)
Site improvements	(86,652,769)	(7,820,454)	(289,819)	(94,183,404)
Equipment	(36,425,135)	(5,193,539)	(1,296,961)	(40,321,713)
Total accumulated depreciation	(523,101,753)	(35,652,710)	(2,586,696)	(556,167,767)
Capital assets, net	$ 554,196,339	$ 42,544,336	$ 35,450,003	$ 561,290,672

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 31,753,656
Food services	297,966
All other pupil services	885,230
Community services	244,437
All other general administration	2,085,788
Plant services	385,633
Total depreciation expense	$ 35,652,710

(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 March 7, 2018 and April 10, 2017 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

	June 30, 2017	June 30, 2018
Unpaid claim and claim adjustment expenses, beginning of year	$ 1,173,483	$ 755,880
Total incurred claims and claim adjustment expenses	14,134,850	13,833,807
Total payments	(14,552,453)	(14,046,683)
Total unpaid claims and claim adjustment expenses at end of year	$ 755,880	$ 543,004

(Continued)

NOTE 6 – LONG-TERM LIABILITIES

General Obligation Bonds

A summary of General Obligation Bonds payable as of June 30, 2018 follows:

Series	Interest Rate	Original Maturity	Balance July 1, 2017	Current Year Issuance	Current Year Refunded & Matured	Balance June 30, 2018
2007 - CA	4.6 - 4.8%	2032	$ 26,077,966	$ -	$ -	$ 26,077,966
2011	0.5 - 5.5%	2029	55,990,000	-	4,460,000	51,530,000
2012	2.0 - 5.3%	2031	93,530,000	-	5,600,000	87,930,000
2013 - A	2.0 - 5.0%	2038	12,740,000	-	355,000	12,385,000
2013 - B	5.7%	2038	40,000,000	-	-	40,000,000
2014	2.0 - 5.0%	2027	40,185,000	-	2,455,000	37,730,000
2015	2.0 - 5.0%	2030	32,575,000	-	2,285,000	30,290,000
2015 C1	2.0 - 5.0%	2041	66,260,000	-	-	66,260,000
2015 C2	0.7 - 1.2%	2033	11,490,000	-	11,490,000	-
2016	2.0-4.0%	2041	14,000,000	-	590,000	13,410,000
2017 - E	3.0-5.0%	2047	112,000,000	-	-	112,000,000
2017 - C	3.0-5.0%	2047	10,000,000	-	-	10,000,000
			$ 514,847,966	$ -	$ 27,235,000	$ 487,612,966

The Series 2007, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 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.

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	$ 33,435,000	$ 20,929,276	$ 54,364,276
2020	24,200,000	19,808,126	44,008,126
2021	23,155,000	18,771,601	41,926,601
2022	24,475,000	17,667,576	42,142,576
2023	18,515,000	16,489,226	35,004,226
2024-2028	120,882,711	83,000,138	203,882,849
2029-2033	90,860,255	67,970,683	158,830,938
2034-2038	44,410,000	29,518,325	73,928,325
2039-2043	79,805,000	9,872,238	89,677,238
2044-2047	27,875,000	2,819,000	30,694,000
	$ 487,612,966	$ 286,846,189	$ 774,459,155

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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 were paid off as of June 30, 2018.

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 were paid off as of June 30, 2018.

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 were paid off as of June 30, 2018.

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 were paid off as of June 30, 2016.

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.

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
2019	$ 2,245,000	$ 1,845,250	$ 4,090,250
2020	2,370,000	1,733,000	4,103,000
2021	2,495,000	1,614,500	4,109,500
2022	2,625,000	1,489,750	4,114,750
2023	2,770,000	1,358,500	4,128,500
2024-2028	6,175,000	5,039,750	11,214,750
2029-2033	-	4,556,250	4,556,250
2034-2038	12,370,000	3,379,250	15,749,250
2039-2040	5,855,000	442,750	6,297,750
	$ 36,905,000	$ 21,459,000	$ 58,364,000

(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
2019	$ 200,000	$ 1,172,194	$ 1,372,194
2020	200,000	1,164,014	1,364,014
2021	200,000	1,155,834	1,355,834
2022	200,000	1,147,654	1,347,654
2023	200,000	1,139,474	1,339,474
2024-2028	11,075,000	5,182,644	16,257,644
2029-2033	16,585,000	1,810,050	18,395,050
	$ 28,660,000	$ 12,771,864	$ 41,431,864

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

Year Ending June 30,	Lease Payments
2019	$ 32,405
2020	2,866
Total payments	35,271
Less amount representing interest	(808)
Net minimum lease payments	$ 34,463

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2018 is shown below:

	Balance July 1, 2017, as restated	Additions	Deductions	Balance June 30, 2018	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 514,847,966	$ -	$ 27,235,000	$ 487,612,966	$ 33,435,000
Accreted interest	14,610,918	1,922,468	-	16,533,386	-
Lease Revenue Bonds	67,920,000	-	2,355,000	65,565,000	2,445,000
Premium on issuance	39,164,880	-	2,467,442	36,697,438	2,467,442
Capitalized lease obligations	98,039	-	63,576	34,463	31,597
Net Pension Liability (Notes 8 & 9)	405,079,000	63,064,000	-	468,143,000	-
Net OPEB liability (Note 10)	809,220,740	-	83,460,282	725,760,458	27,000,000
Compensated absences	8,344,641	-	4,128,524	4,216,117	4,216,117
	$ 1,859,286,184	$ 64,986,468	$ 119,709,824	$ 1,804,562,828	$ 69,595,156

(Continued)

NOTE 6 – LONG-TERM LIABILITIES (Continued)

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 General Fund and Developer Fees Fund. Payments on the capitalized lease obligations are made from the General Fund. Payments on the Net Pension Liability, Net OPEB liability and compensated absences are made from the fund for which the related employee worked.

NOTE 7 – FUND BALANCES

Fund balances, by category, at June 30, 2018 consisted of the following:

	General Fund	Building Fund	Bond Interest Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 225,000	$ -	$ -	$ 2,000	$ 227,000
Stores inventory	108,722	-	-	450,718	559,440
Prepaid expenditures	12,730	-	-	650	13,380
Subtotal nonspendable	346,452	-	-	453,368	799,820
Restricted:					
Legally restricted programs	10,224,116	-	-	14,134,704	24,358,820
Capital projects	-	147,183,197	-	18,168,856	165,352,053
Debt service	-	-	39,273,247	-	39,273,247
Subtotal restricted	10,224,116	147,183,197	39,273,247	32,303,560	228,984,120
Assigned:					
Cover Deficit Spending in Future Years	33,788,013	-	-	-	33,788,013
Textbook Adoption	6,000,000	-	-	-	6,000,000
Special Education	129,037	-	-	-	129,037
Subtotal assigned	39,917,050	-	-	-	39,917,050
Unassigned:					
Designated for economic uncertainty	20,013,133	-	-	-	20,013,133
Total fund balances	$ 70,500,751	$ 147,183,197	$ 39,273,247	$ 32,756,928	$ 289,714,123

(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 plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

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, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

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 January 1, 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 three consecutive years 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 three consecutive years 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. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2017-18. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 9.205 percent of applicable member earnings for fiscal year 2017-18.

In general, member contributions cannot increase unless members are provided with some type of “comparable advantage” in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this “comparable advantage,” the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

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, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% as 62 members will increase by 1 percent effective July 1, 2018.

Employers – 14.43 percent of applicable member earnings.

Pursuant to AB 1469, employer contributions will increase from a prior rate of 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

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

The CalSTRS employer contribution rate increases effective for fiscal year 2017-18 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2021 to June 30, 2046	8.25%	*	*
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

* The Teachers' Retirement Board (the "board") cannot adjust the employer rate by more than 1 percent in a fiscal year, and the increase to the contribution rate above the 8.25 percent base contribution rate cannot exceed 12 percent for a maximum of 20.25 percent.

The District contributed $29,172,733 to the plan for the fiscal year ended June 30, 2018.

State - 9.328 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046. The CalSTRS state contribution rates effective for fiscal year 2017-18 and beyond are summarized in the table below.

As shown in the subsequent table, the state rate will increase to 5.311 percent on July 1, 2018, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions.

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding(1)	Total State Appropriation to DB Program
July 01, 2018	2.017%	5.311%(2)	2.50%	9.828%
July 01, 2019 to June 30, 2046	2.017%	(3)	2.50%	(3)
July 1, 2046 and thereafter	2.017%	(4)	2.50%	4.517%(3)

(1) This rate does not include the $72 million reduction in accordance with Education Code Section 22954.
(2) In May 2018, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2018.
(3) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
(4) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation.

(Continued)

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

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

At June 30, 2018, 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	$ 344,390,000
State's proportionate share of the net pension liability associated with the District	203,739,000
Total	$ 548,129,000

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the District's proportion was 0.372 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $38,537,873 and revenue of $20,247,271 for support provided by the State. At June 30, 2018, 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	$ 1,274,000	$ 6,007,000
Changes of assumptions	63,802,000	-
Net differences between projected and actual earnings on investments	-	9,172,000
Changes in proportion and differences between District contributions and proportionate share of contributions	39,569,000	27,109,000
Contributions made subsequent to measurement date	29,172,733	-
Total	$ 133,817,733	$ 42,288,000

(Continued)

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

$29,172,733 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 5,166,917
2020	$ 18,564,917
2021	$ 13,626,916
2022	$ 4,645,250
2023	$ 7,144,000
2024	$ 13,209,000

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2017 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.

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015
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 Not applicable for DBS/CBB

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.

(Continued)

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

During the 2016-17 measurement period, CalSTRS completed an experience study for the period starting July 1, 2010, and ending June 30, 2015. The experience study was adopted by the board in February 2017. As a result of the study, certain assumptions used in determining the NPL of the STRP changed, including the price inflation, wage growth, discount rate and the mortality tables used in the actuarial valuation of the NPL. The changes to the assumptions as a result of the experience study follow:

	Measurement period	
Assumption	As of June 30, 2017	As of June 30, 2016
Consumer price inflation	2.75%	3.00%
Investment rate of return	7.10%	7.60%
Wage growth	3.50%	3.75%

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 general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each 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
Global Equity	47%	6.30%
Fixed Income	12	0.30
Real Estate	13	5.20
Private Equity	13	9.30
Absolute Return / Risk Mitigating Strategies	9	2.90
Inflation Sensitive	4	3.80
Cash / Liquidity	2	(1.00)

* 20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. 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.

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

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	$505,674,000	$344,390,000	$213,497,000

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.

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

https://www.calpers.ca.gov/docs/forms-publications/cafr-2017.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.

(Continued)

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2018 were as follows:

Members - The member contribution rate was 6.50 or 7.50 percent of applicable member earnings for fiscal year 2017-18.

Employers - The employer contribution rate was 15.531 percent of applicable member earnings.

The District contributed $11,256,216 to the plan for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the District reported a liability of $123,753,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the District's proportion was 0.518 percent, which was a decrease of 0.015 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of $12,431,752. At June 30, 2018, 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	$ 4,434,000	$ -
Changes of assumptions	18,076,000	1,457,000
Net differences between projected and actual earnings on investments	4,281,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	235,000	1,111,000
Contributions made subsequent to measurement date	11,256,216	-
Total	$ 38,282,216	$ 2,568,000

(Continued)

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

$11,256,216 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2019	$ 6,723,083
2020	$ 11,608,083
2021	$ 8,471,084
2022	$ (2,344,250)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2017 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.

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Experience Study	June 30, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.75%
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 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

During the 2016-17 measurement period, the financial reporting discount rate for the Plan was lowered from 7.65 percent to 7.15 percent.

(Continued)

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

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	47%	4.90%	5.38%
Fixed Income	19	0.80	2.27
Inflation Assets	6	0.60	1.39
Private Equity	12	6.60	6.63
Real Estate	11	2.80	5.21
Infrastructure & Forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)

* 10-year geometric average
(1) An expected inflation rate of 2.50% used for this period
(2) An expected inflation rate of 3.00% 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.

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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 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. 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 equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

(Continued)

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

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	$ 182,081,000	$ 123,753,000	$ 75,366,000

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.

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.

(Continued)

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

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 at June 30, 2018;

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	3,114
Inactive employees/dependents entitled to but not yet receiving benefits	-
Active employees	4,379
	7,493

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 from the District were $33,078,830 for the year ended June 30, 2018.

OPEB Plan Investments: The plan discount rate of 3.56% was determined using the following asset allocation and assumed rate of return:

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return 1 Year	Expected Real Rate of Return 3 Year
Global Equity	57%	19.4%	5.2%
Fixed Income	27	0.3	4.3
Treasury Inflation-Protected Securities	5	(0.6)	0.6
Real Estate Investment Trusts	8	(0.1)	3.9
Commodities	3	(8.9)	(24.8)

*Geometric average

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	10.70%

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

(Continued)

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

Actuarial Assumptions: The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Funding Method	Entry age normal, level percent of pay
General Inflation Rate	2.75%
Long Term Return on Assets	7.25% as of June 30, 2016 and June 30, 2017, net of plan investment expenses and including inflation
Discount rate	2.92% as of June 30, 2016 3.56% as of June 30, 2017 (use of Fidelity 20 year AA GO Municipal Bond Index)
Salary increase	3.25% 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	7.50% for 2018 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 2011 CalSTRS mortality tables were used For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008
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)

(Continued)

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

Changes in the Net OPEB Liability:

	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance, June 30, 2017	$832,507,858	$ 23,287,118	$809,220,740
Changes for the year:			
Service cost	33,273,763	-	33,273,763
Interest	24,982,078	-	24,982,078
Assumption changes	(89,783,252)	-	(89,783,252)
Employer contributions	-	48,000,844	(48,000,844)
Interest income	-	2,685,893	(2,685,893)
Investment gains	-	1,265,580	(1,265,580)
Administrative expense	-	(19,446)	19,446
Benefit payments	(20,462,037)	(20,462,037)	-
Net change	(51,989,448)	31,470,834	(83,460,282)
Balance, June 30, 2018	$780,518,410	$ 54,757,952	$725,760,458

The changes in assumptions include a change in the discount rate from 2.92% in the prior valuation, to 3.56% in the current valuation.

There were no changes between the measurement date and the year ended June 30, 2018, 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 3.56 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 (2.56 percent) and 1 percent higher (4.56):

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB liability	$ 872,495,347	$ 725,760,458	$ 609,869,579

(Continued)

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

The following table presents the net OPEB liability calculated using the heath care cost trend rate of 7.50 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 (6.50 percent) and 1 percent higher (8.50 percent):

	1% Decrease (6.50%)	Healthcare Cost Trend Rates Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability	$ 577,537,037	$ 725,760,458	$ 938,324,398

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

For the year ended June 30, 2018, the District recognized OPEB expense of $41,814,704. At June 30, 2018, 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	$ -	$ -
Changes of assumptions	-	76,261,678
Net differences between projected and actual earnings on investments	-	1,012,464
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	33,078,830	-
Total	$ 33,078,830	$ 77,274,142

$33,078,830 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	
2019	$ (13,774,690)
2020	$ (13,774,690)
2021	$ (13,774,690)
2022	$ (13,774,690)
2023	$ (13,521,574)
Thereafter	$ (8,653,808)

(Continued)

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

Differences between projected and actual earnings on investment are amortized over a closed period of 4 years as of the June 30, 2017 measurement date. Changes in assumptions are amortized over a closed period of 6.64 years as of the June 30, 2017 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, 2018:

Total assets	$	156,099,265
Deferred outflows	$	2,183,259
Total liabilities	$	78,395,474
Deferred inflows	$	438,183
Total net position	$	79,448,867
Total revenues	$	64,932,531
Total expenses	$	59,366,494
Change in net position	$	5,566,037

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, 2018 the District had approximately $1,354,786 in outstanding construction contract commitments.

NOTE 13 – SUBSEQUENT EVENT

On July 25, 2018, the District issued General Obligation Bonds, Election of 2012 (Measure Q), 2018 Series F, totaling $10,000,000 for the purposes of the bond measure passed by voters on November 6, 2012, Measure Q. The 2018 General Obligation Bonds mature in varying amounts during the succeeding year through August 2024 with an interest rate of 2.46%.

REQUIRED SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2018

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
LCFF:				
State apportionment	$ 293,695,389	$ 286,980,174	$ 287,546,461	$ 566,287
Local sources	73,670,317	85,807,376	85,807,376	-
Total LCFF	367,365,706	372,787,550	373,353,837	566,287
Federal sources	51,515,753	58,150,761	49,249,342	(8,901,419)
Other state sources	56,275,406	69,619,793	70,050,430	430,637
Other local sources	4,962,063	11,193,466	11,881,019	687,553
Total revenues	480,118,928	511,751,570	504,534,628	(7,216,942)
Expenditures:				
Current:				
Certificated salaries	197,337,618	197,720,844	196,143,370	1,577,474
Classified salaries	61,159,475	64,766,144	63,562,086	1,204,058
Employee benefits	160,938,613	160,770,978	160,839,811	(68,833)
Books and supplies	21,569,264	24,773,683	19,147,391	5,626,292
Contract services and operating expenditures	55,550,675	72,287,223	71,049,494	1,237,729
Other outgo	-	-	659,827	(659,827)
Capital outlay	2,665,254	6,430,486	2,202,829	4,227,657
Debt service:				
Principal retirement	-	2,220,292	2,218,576	1,716
Interest	2,836,450	2,183,459	2,185,174	(1,715)
Total expenditures	502,057,349	531,153,109	518,008,558	13,144,551
(Deficiency) excess of revenues (under) over expenditures	(21,938,421)	(19,401,539)	(13,473,930)	5,927,609
Other financing sources (uses):				
Transfers in	3,413,895	3,515,921	3,755,901	239,980
Transfers out	(1,730,000)	(2,341,129)	(1,248,027)	1,093,102
Total other financing sources (uses)	1,683,895	1,174,792	2,507,874	1,333,082
Change in fund balance	(20,254,526)	(18,226,747)	(10,966,056)	7,260,691
Fund balance, July 1, 2017	81,466,807	81,466,807	81,466,807	-
Fund balance, June 30, 2018	$ 61,212,281	$ 63,240,060	$ 70,500,751	$ 7,260,691

See accompanying note to required supplementary information.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2018
TOTAL OPEB LIABILITY	
Service cost	$ 33,273,763
Interest on total OPEB liability	24,982,078
Changes of assumptions	(89,783,252)
Benefit payments	(20,462,037)
Net change in total OPEB liability	(51,989,448)
Total OPEB liability - beginning of year (a)	832,507,858
Total OPEB liability - end of year (b)	$ 780,518,410
PLAN FIDUCIARY NET POSITION	
Contributions - employer	$ 48,000,844
Net investment income	3,951,473
Administrative expenses	(19,446)
Benefit payments	(20,462,037)
Change in plan fiduciary net position	31,470,834
Fiduciary trust net position - beginning of year (c)	23,287,118
Fiduciary trust net position - end of year (d)	$ 54,757,952
Net OPEB liability - beginning (a) - (c)	$ 809,220,740
Net OPEB liability - ending (b) - (d)	$ 725,760,458
Plan fiduciary net position as a percentage of the total OPEB liability	7%
Covered employee payroll	$ 263,777,849
Net OPEB liability as a percentage of covered employee payroll	275%

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

Other Postemployment Benefits
Last 10 Fiscal Years

	2018*
Actuarially determined contribution	$ 41,766,451
Contributions in relation to the actuarially determined contribution	(33,078,830)
Contribution deficiency (excess)	$ 8,687,621
Covered employee payroll	$284,495,904
Contributions as a percentage of covered employee payroll	11.63%

*The ADC for the District's fiscal year end June 30, 2018 was determined as part of the June 30, 2016 valuation using a 7.25% discount rate.

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

SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON OPEB PLAN INVESTMENTS
For the Year Ended June 30, 2018

Last 10 Fiscal Years

	2018
Money-weighted rate of return on OPEB plan investments	10.70%

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

See accompanying note to required supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.382%	0.375%	0.371%	0.372%
District's proportionate share of the net pension liability	$233,056,000	$252,331,000	$299,780,000	$344,390,000
State's proportionate share of the net pension liability associated with the District	134,692,000	133,455,000	170,676,000	203,739,000
Total net pension liability	$367,748,000	$385,786,000	$470,456,000	$548,129,000
District's covered payroll	$170,012,000	$173,962,000	$184,718,000	$197,366,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.08%	145.05%	162.29%	174.49%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

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, 2018

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
District's proportion of the net pension liability	0.541%	0.534%	0.533%	0.518%
District's proportionate share of the net pension liability	$ 61,440,000	$ 78,659,000	$105,299,000	$123,753,000
District's covered payroll	$ 56,813,000	$ 59,079,000	$ 63,963,000	$ 66,095,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.14%	133.14%	164.62%	187.24%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%

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.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 15,447,858	$ 19,820,280	$ 24,828,643	$ 29,172,733
Contributions in relation to the contractually required contribution	(15,447,858)	(19,820,280)	(24,828,643)	(29,172,733)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$173,962,000	$184,718,000	$197,366,000	$202,167,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018
Contractually required contribution	$ 6,954,207	$ 7,577,683	$ 9,180,596	$ 11,256,216
Contributions in relation to the contractually required contribution	(6,954,207)	(7,577,683)	(9,180,596)	(11,256,216)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 59,079,000	$ 63,963,000	$ 66,095,000	$ 72,476,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Changes in Net OPEB Liability and Related Ratios

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

C - Schedule of the District's Contributions - OPEB

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

D - Schedule of Money-Weighted Rate of Return on OPEB Plan Investments

The Schedule of Money-Weighted Rate of Return (MWRR) on OPEB Plan Investments presents multi-year information for the MWRR associated with the OPEB trust.

E - 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.

F – 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.

G – Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

(Continued)

NOTE 1 – PURPOSE OF SCHEDULES (Continued)

H - Changes of Assumptions

The discount rate for the Net OPEB liability was 2.92 percent and 3.56 percent in the June 30, 2016 and 2017 actuarial reports, respectively.

The discount rate for Public Employer's Retirement Fund B was 7.50, 7.65, 7.65 and 7.15 percent in the June 30, 2013, 2014, 2015 and 2016 actuarial reports, respectively.

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

		Measurement period	
Assumption	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.60%	7.60%
Wage growth	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2018

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Developer Fees Fund	Community Facilities Fund	Total
ASSETS								
Cash in County Treasury	$ 3,318,675	$ 11,551	$ 1,171,088	$ 4,871,760	$ 5,383	$ 13,248,125	$ 3,512,684	$ 26,139,266
Cash on hand and in banks	11,236	-	-	438,638	-	1,288,034	-	1,737,908
Cash in revolving account	-	-	-	2,000	-	-	-	2,000
Receivables	24,557	168,771	766,471	6,865,011	538	131,665	21,094	7,978,107
Due from grantor government	186,968	349,450	1,512,497	749	-	-	-	2,049,664
Due from other funds	237,843	450,141	11	75,647	-	-	-	763,642
Prepaid expenditures	-	-	-	650	-	-	-	650
Stores inventory	-	-	-	450,718	-	-	-	450,718
Total assets	$ 3,779,279	$ 979,913	$ 3,450,067	$ 12,705,173	$ 5,921	$ 14,667,824	$ 3,533,778	$ 39,121,955
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 236,981	$ 230,734	$ 534,128	$ 461,448	$ 5,383	$ 3,883	$ 28,863	$ 1,501,420
Unearned revenue	24,797	1,000	702,383	6,712	-	-	-	734,892
Due to other funds	152,513	748,179	2,197,260	1,030,225	538	-	-	4,128,715
Total liabilities	414,291	979,913	3,433,771	1,498,385	5,921	3,883	28,863	6,365,027
Fund balances:								
Nonspendable	-	-	-	453,368	-	-	-	453,368
Restricted	3,364,988	-	16,296	10,753,420	-	14,663,941	3,504,915	32,303,560
Total fund balances	3,364,988	-	16,296	11,206,788	-	14,663,941	3,504,915	32,756,928
Total liabilities and fund balances	$ 3,779,279	$ 979,913	$ 3,450,067	$ 12,705,173	$ 5,921	$ 14,667,824	$ 3,533,778	$ 39,121,955

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, 2018

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Developer Fees Fund	Community Facilities Fund	Total
Revenues:								
LCFF	$ 16,549,486	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,549,486
Federal sources	324,263	1,879,942	12,065,918	22,320,550	-	-	-	36,590,673
Other state sources	1,559,459	1,884,371	8,620,557	1,432,826	-	-	-	13,497,213
Other local sources	64,029	4,051,472	2,336,866	1,242,027	1,387	6,499,081	1,722,258	15,917,120
Total revenues	18,497,237	7,815,785	23,023,341	24,995,403	1,387	6,499,081	1,722,258	82,554,492
Expenditures:								
Current:								
Certificated salaries	8,098,192	2,366,532	8,013,572	-	-	-	-	18,478,296
Classified salaries	1,293,225	1,677,777	5,515,149	7,324,896	-	-	-	15,811,047
Employee benefits	5,530,743	2,418,583	9,602,346	4,488,674	-	-	-	22,040,346
Books and supplies	644,981	314,991	361,881	10,883,798	21,348	11,087	71,584	12,309,670
Contract services and operating expenditures	2,085,149	1,844,230	342,929	279,085	52,456	13,563	13,467	4,630,879
Capital outlay	10,768	29,003	-	742,331	88,196	324,383	541,355	1,736,036
Debt service:								
Principal retirement	-	-	-	-	-	200,000	-	200,000
Interest	-	-	-	-	-	930,374	-	930,374
Total expenditures	17,663,058	8,651,116	23,835,877	23,718,784	162,000	1,479,407	626,406	76,136,648
Excess (deficiency) of revenues over (under) expenditures	834,179	(835,331)	(812,536)	1,276,619	(160,613)	5,019,674	1,095,852	6,417,844
Other financing sources (uses):								
Transfers in	239,698	445,262	502,296	60,771	-	-	-	1,248,027
Transfers out	(1,729,701)	(77,609)	(971,347)	(977,244)	-	-	-	(3,755,901)
Total other financing sources (uses)	(1,490,003)	367,653	(469,051)	(916,473)	-	-	-	(2,507,874)
Net change in fund balances	(655,824)	(467,678)	(1,281,587)	360,146	(160,613)	5,019,674	1,095,852	3,909,970
Fund balances, July 1, 2017	4,020,812	467,678	1,297,883	10,846,642	160,613	9,644,267	2,409,063	28,846,958
Fund balances, June 30, 2018	$ 3,364,988	$ -	$ 16,296	$ 11,206,788	$ -	$ 14,663,941	$ 3,504,915	$ 32,756,928

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Student Body Funds				
C.K. McClatchy High School				
Assets:				
Cash on hand and in banks	$ 115,146	$ 276,447	$ 245,315	$ 146,278
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 115,146	$ 276,447	$ 245,315	$ 146,278
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	115,146	276,447	245,315	146,278
Total liabilities	$ 115,146	$ 276,447	$ 245,315	$ 146,278
Hiram Johnson High School				
Assets:				
Cash on hand and in banks	$ 74,271	$ 113,138	$ 113,997	$ 73,412
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 74,271	$ 113,138	$ 113,997	$ 73,412
Liabilities:				
Accounts payable	$ 1,058	$ -	$ 1,058	$ -
Due to student groups	73,213	113,138	112,939	73,412
Total liabilities	$ 74,271	$ 113,138	$ 113,997	$ 73,412

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Luther Burbank High School				
Assets:				
Cash on hand and in banks	$ 98,898	$ 205,328	$ 200,067	$ 104,159
Receivables	-	-	-	-
Stores inventory	465	1,043	-	1,508
Other assets	-	-	-	-
Total assets	$ 99,363	$ 206,371	$ 200,067	$ 105,667
Liabilities:				
Accounts payable	$ 159	$ 364	$ 523	$ -
Due to student groups	99,204	206,007	199,544	105,667
Total liabilities	$ 99,363	$ 206,371	$ 200,067	$ 105,667
John F. Kennedy High School				
Assets:				
Cash on hand and in banks	$ 172,573	$ 255,659	$ 293,414	$ 134,818
Receivables	110	-	-	110
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 172,683	$ 255,659	$ 293,414	$ 134,928
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	172,683	255,659	293,414	134,928
Total liabilities	$ 172,683	$ 255,659	$ 293,414	$ 134,928

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Rosemont High School				
Assets:				
Cash on hand and in banks	$ 74,835	$ 159,935	$ 151,677	$ 83,093
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 74,835	$ 159,935	$ 151,677	$ 83,093
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	74,835	159,935	151,677	83,093
Total liabilities	$ 74,835	$ 159,935	$ 151,677	$ 83,093
Hiram Johnson West Campus				
Assets:				
Cash on hand and in banks	$ 164,263	$ 283,804	$ 295,619	$ 152,448
Receivables	-	-	-	-
Stores inventory	1,728	2,419	-	4,147
Other assets	667	-	667	-
Total assets	$ 166,658	$ 286,223	$ 296,286	$ 156,595
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	166,658	286,223	296,286	156,595
Total liabilities	$ 166,658	$ 286,223	$ 296,286	$ 156,595

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Charles A. Jones Skills and Education Center				
Assets:				
Cash on hand and in banks	$ 23,605	$ 5,606	$ 5,827	$ 23,384
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 23,605	$ 5,606	$ 5,827	$ 23,384
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	23,605	5,606	5,827	23,384
Total liabilities	$ 23,605	$ 5,606	$ 5,827	$ 23,384
A. Warren McClaskey Adult Center				
Assets:				
Cash on hand and in banks	$ 69,540	$ 42,411	$ 31,142	$ 80,809
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 69,540	$ 42,411	$ 31,142	$ 80,809
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	69,540	42,411	31,142	80,809
Total liabilities	$ 69,540	$ 42,411	$ 31,142	$ 80,809

(Continued)

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
STUDENT BODY FUNDS
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Elementary and Middle Schools				
Assets:				
Cash on hand and in banks	$ 478,869	$ 1,141,827	$ 1,161,982	$ 458,714
Receivables	-	-	-	-
Stores inventory	-	-	-	-
Other assets	-	-	-	-
Total assets	$ 478,869	$ 1,141,827	$ 1,161,982	$ 458,714
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Due to student groups	478,869	1,141,827	1,161,982	458,714
Total liabilities	$ 478,869	$ 1,141,827	$ 1,161,982	$ 458,714
Total Student Body Funds				
Assets:				
Cash on hand and in banks	$ 1,272,000	$ 2,484,155	$ 2,499,040	$ 1,257,115
Receivables	110	-	-	110
Stores inventory	2,193	3,462	-	5,655
Other assets	667	-	667	-
Total assets	$ 1,274,970	$ 2,487,617	$ 2,499,707	$ 1,262,880
Liabilities:				
Accounts payable	$ 1,217	$ 364	$ 1,581	$ -
Due to student groups	1,273,753	2,487,253	2,498,126	1,262,880
Total liabilities	$ 1,274,970	$ 2,487,617	$ 2,499,707	$ 1,262,880

Sacramento City Unified School District, a political subdivision of the State of California, was established on July 7, 1936. The territory covered by the District does not include certain areas of the City of Sacramento, but does include some contiguous territory located outside city boundaries, but within Sacramento County boundaries. The District operated forty-one elementary schools (grades K-6), eight 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-four children's centers and preschools, serving infants through age 12. Fifteen charter schools also operated in the District serving kindergarten though grade twelve, five of which were governed by the District Board of Education.

GOVERNING BOARD

Name	Office	Term Expires
Jessie Ryan	President	November 2020
Darrel Woo	Vice President	November 2018
Michael Minnick	Second Vice President	November 2020
Jay Hansen	Member	November 2018
Ellen Cochrane	Member	November 2018
Christina Pritchett	Member	November 2020
Mai Vang	Member	November 2020
Sara Nguyen	Student Member	June 2018*

ADMINISTRATION

Jorge A. Aguilar
Superintendent

Cathy Allen
Chief Operations Officer

Lisa Allen
Deputy Superintendent

Alex Barrios
Chief Communications Officer

Gerardo Castillo, CPA**
Chief Business Officer

Vincent Harris
Chief Continuous Improvement and Accountability Officer

Elliot Lopez
Chief Information Officer

(Continued)

ADMINISTRATION
(Continued)

Cancy McArn
Chief Human Resources Officer

Iris Taylor, Ed.D.
Chief Academic Officer

*Rachel Halbo voted into office as the student member in June 2018 for the 2018-19 fiscal year.
**Gerardo Castillo resigned effective August 1, 2018. John Quinto, Ed.D., MPA was hired effective August 27, 2018.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2018

	Second Period Report	Revised Second Period Report	Annual Report
Certificate Number:	9C1077FC	511CE251	1207A31F
Elementary:			
Transitional Kindergarten through Third	12,242	12,247	12,227
Fourth through Sixth	9,344	9,346	9,332
Seventh and Eighth	6,376	6,377	6,365
Special Education	234	234	228
Community Day School	20	20	23
	28,216	28,224	28,175
Secondary:			
Ninth through Twelfth	10,193	10,195	10,058
Special Education	169	169	160
Total Secondary	10,362	10,364	10,218
District ADA Totals	38,578	38,588	38,393
Charter Schools			
Certificate Number:	50969EC7	**	52BBB1BB
Bowling Green Elementary - Classroom-Based:			
Transitional Kindergarten through Third	460	-	460
Fourth through Sixth	319	-	318
Total Bowling Green Elementary Charter	779	-	778
Certificate Number:	59FBC4BF	**	9C604104
George Washington Carver School of Arts and Science - Classroom-Based:			
Ninth through Twelfth	237	-	235
Certificate Number:	5DDA20C7	**	F73FE87C
New Joseph Bonnheim - Classroom-Based:			
Transitional Kindergarten through Third	156	-	154
Fourth through Sixth	106	-	105
Total New Joseph Bonnheim Charter	262	-	259
Certificate Number:	C943DE43	**	5B64F0B3
New Technology High - Classroom-Based:			
Ninth through Twelfth	158	-	159
Certificate Number:	9009EC7C	**	D622F667
The Met Sacramento High School - Non-Classroom-Based:			
Ninth through Twelfth	266	-	266
Total Charter Schools	1,702	-	1,697

**The Charter Schools did not submit revised second period reports.

See accompanying notes to supplementary information.

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2018

Grade Level	Statutory Minutes Require-ment	2017-2018 Actual Minutes	Number of Days Traditional Calendar	Status
District				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
Grade 7	54,000	54,130	180	In Compliance
Grade 8	54,000	54,130	180	In Compliance
Grade 9	64,800	64,800	180	In Compliance
Grade 10	64,800	64,800	180	In Compliance
Grade 11	64,800	64,800	180	In Compliance
Grade 12	64,800	64,800	180	In Compliance
Bowling Green Charter School - Classroom Based				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
George Washington Carver School of Arts and Science - Classroom Based				
Grade 9	64,800	64,800	180	In Compliance
Grade 10	64,800	64,800	180	In Compliance
Grade 11	64,800	64,800	180	In Compliance
Grade 12	64,800	64,800	180	In Compliance
New Joseph Bonnheim Charter School - Classroom Based				
Kindergarten	36,000	36,000	180	In Compliance
Grade 1	50,400	50,492	180	In Compliance
Grade 2	50,400	50,492	180	In Compliance
Grade 3	50,400	50,492	180	In Compliance
Grade 4	54,000	54,008	180	In Compliance
Grade 5	54,000	54,008	180	In Compliance
Grade 6	54,000	54,008	180	In Compliance
New Technology High School - Classroom Based				
Grade 9	64,800	65,882	175	In Compliance
Grade 10	64,800	65,882	175	In Compliance
Grade 11	64,800	65,882	175	In Compliance
Grade 12	64,800	65,882	175	In Compliance

See accompanying notes to supplementary information.

Federal Catalog 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	$ 8,147,508
84.027	IDEA: Private School ISP	13379	25,786
84.173	IDEA Preschool Grants, Part B, Section 619 (Age 3-5)	13430	265,343
84.027A	IDEA: Preschool Local Entitlement, Part B, Sec 611 (Age 3-5)	13682	750,462
84.027A	IDEA: Mental Health Services, Part B, Sec 611	14468	476,120
84.137A	IDEA: Preschool Staff Development, Part B, Sec 619	*	7,376
84.173A	Alternative Dispute Resolution, Part B, Sec 611	13007	17,085
	Subtotal Special Education Cluster		9,689,680
	Adult Education Program:		
84.002A	Adult Education: Adult Basic Education & ESL Section 231	14508	151,095
84.002	Adult Education: Adult Basic Secondary Education Section 231	13978	16,913
84.002A	Adult Education: English Literacy and Civics Education Local Grant	14109	68,916
	Subtotal Adult Education Program		236,924
	Carl D. Perkins Program:		
84.048	Vocational Programs: Voc & Applied Single Parent II (Carl Perkins Act)	*	256,500
84.048	Carl D. Perkins Career and Technical Education: Adult, Sec. 132 (Vocational Education)	14893	65,991
84.048	Carl D. Perkins Career and Technical Education: Secondary, Sec 131 (Vocational Education)	14894	449,822
	Subtotal Carl D. Perkins Program		772,313

(Continued)

Federal Catalog 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)		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	$ 20,026,593
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	2,441,165
84.126	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	128,115
84.181	Special Education: Early Intervention Grants, Part C	23761	139,420
84.365	ESEA: Title III, Limited English Proficiency (LEP) Student Program	14346	660,427
84.060	Indian Education (From Federal Government)	10011	27,712
84.063	Pell Grants - Student Financial Aid Cluster	*	1,092,605
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,674,622
84.215G	Innovative Approaches to Literacy Program	*	665,701
84.377	ESEA: Title I, School Improvement Grant (SIG) for QEIA Schools	14971	11,552,380
	Total U.S. Department of Education		49,107,657
	U.S. Department of Health and Human Services - Passed through California Department of Health Care Services		
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	1,663,877
	U.S. Department of Health and Human Services - Passed through California Department of Education		
93.596	Child Development: Federal General (CCTR) and State Preschool (CSPP); Rs 5026, Family Child Care Home (CFCC) - CCFD Cluster	13609	374,310
93.674	Chafee Foster Care Independent Living	*	99,999
93.600	Head Start	10016	11,691,709
	Total U.S. Department Health and Human Services		12,166,018

(Continued)

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Agriculture - Passed through California Department of Education			
	Child Nutrition Cluster:		
10.555	National School Lunch Program	13396	$ 17,412,241
10.559	Child Nutrition: Summer Food Service Program Operations	13004	320,634
	Subtotal Child Nutrition Cluster		17,732,875
10.558	Child Nutrition: Child Care Food Program	13666	4,516,726
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	70,950
	Total U.S. Department of Agriculture		22,320,551
Substance Abuse and Mental Health Services Administration			
93.243	Meadowview Project Aware Grant	*	115,878
U.S. Department of Justice			
16.543	Missing Children's Assistance	*	115,283
U.S. Department of Defense			
12.357	ROTC	*	251,581
U.S. Department of Labor			
	Workforce Innovation and Opportunity Act Cluster:		
17.259	Workforce Investment Act, Youth Activities	*	160,731
17.258	Workforce Investment Act, Adult Activities	*	67,191
	Total U.S. Department of Labor		227,922
	Total Federal Programs		$ 85,968,767

* District is unable to provide PCA numbers.

See accompanying notes to supplementary information.

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

General Fund	(Budget) 2019	2018	2017	2016
Revenues and other financing sources	$ 530,593,180	$ 508,290,529	$ 501,227,431	$ 556,064,225
Expenditures	563,668,430	518,008,558	515,670,957	494,529,456
Other uses and transfers out	2,875,207	1,248,027	2,022,282	8,386,451
Total outgo	566,543,637	519,256,585	517,693,239	502,915,907
Change in fund balance	$ (35,950,457)	$ (10,966,056)	$ (16,465,808)	$ 53,148,318
Ending fund balance	$ 34,550,294	$ 70,500,751	$ 81,466,807	$ 97,932,615
Available reserves	$ 11,284,780	$ 20,013,133	$ 20,013,133	$ 18,763,133
Designated for economic uncertainties	$ 11,284,780	$ 20,013,133	$ 20,013,133	$ 18,763,133
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as percentages of total outgo	2.0%	3.9%	4.0%	3.7%
All Funds				
Total long-term liabilities	$1,734,967,672	$1,804,562,828	$1,285,646,178	$1,102,017,744
Average daily attendance at P-2, excluding Adult and Charter School	38,488	38,588	38,686	38,837

The General Fund fund balance has increased by $25,716,454 over the past three years. The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2018-2019 fiscal year. The fiscal year 2018-2019 budget projects a decrease of $35,950,457. 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, 2018, the District has met this requirement.

Total long-term liabilities have increased by $702,545,084 over the past two years, due primarily to the issuance of General Obligation Bonds and recognition of the net pension and the net OPEB liabilities (Note 6 to the financial statements).

Average daily attendance has decreased by 249 over the past two years. The District anticipates a decrease of 100 ADA for the 2018-2019 fiscal year.

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 Charter School	Included as Charter Schools Fund
0585	New Technology High School	Included as Charter Schools Fund
1386	Oak Park Preparatory Academy	Separate Report
0596	Sacramento Charter High School	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, 2018

	Academic and Support Services*	Child Care*
Revenues		
Other local sources	$ 432,007	$ 753,472
Expenditures:		
Certificated salaries	234,451	183,070
Classified salaries	10,424	246,783
Employee benefits	132,308	268,355
Books and supplies	51,714	4,296
Contract services and operating expenditures	3,110	10,088
Indirect costs	-	48,188
Total expenditures	432,007	760,780
Change in fund balance	-	(7,308)
Fund balance, July 1, 2017	-	7,308
Fund balance, June 30, 2018	$ -	$ -

* Revenues and expenditures for the First 5 Grant are reflected in the District's Child Development Fund. See pages 64 to 65 of the financial statements for a complete presentation of the Child Development Fund.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

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.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2018.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 85,840,015
Add: Medi-Cal Billing Option Funds from prior year awards.	93.778	128,752
Total Schedule of Expenditure of Federal Awards		$ 85,968,767

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

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

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

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2018-2019 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

G - Schedule of First 5 Revenues and 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, 2018, 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

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the State of California's *2017-18 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2018.

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	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General requirements	Yes
After school	Yes
Before school	No, see below
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	No, see below
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, for charter schools	Yes
Charter School Facility Grant Program	No, see below

(Continued)

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

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

The District does not have any Middle or Early College High Schools; therefore, we did not perform any procedures related to Middle or Early College High Schools.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District does not have programs that meet this criteria.

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

The District did not offer an Independent Study-Course Based program; therefore, we did not perform any procedures related to this program.

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Sacramento City Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the *2017-18 Guide for Annual Audits of K12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Sacramento City Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Sacramento City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2018-002 and 2018-003 in the accompanying Schedule of Audit Findings and Questioned Costs, Sacramento City Unified School District did not comply with the requirements regarding Attendance and Unduplicated Local Control Funding Formula Pupil Counts. 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.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2018.

(Continued)

Other Matter

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

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the State of California's *2017-18 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
November 27, 2018

Crowe LLP
Independent Member Crowe Global

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

Board of Education
Sacramento City Unified School District
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sacramento City Unified School District as of and for the year ended June 30, 2018, 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 November 27, 2018.

Internal Control Over Financial Reporting

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

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

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

We identified a deficiency involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2018-001.

(Continued)

Compliance and Other Matters

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

Sacramento City Unified School District's Response to 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 basic financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
November 27, 2018

Crowe

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

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, 2018.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on First 5 Sacramento County Program

In our opinion, Sacramento City Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2018.

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
November 27, 2018

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

Board of Education
Sacramento City Unified School District
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Sacramento City Unified School District's compliance with the types of compliance requirements described in the *OMB 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, 2018. Sacramento City Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Unmodified Opinion on Each of the Major Federal Programs

In our opinion, Sacramento City Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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
November 27, 2018

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 auditor's report issued on compliance for major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Type of Opinion
84.377	ESEA: Title I, School Improvement Grant	Unmodified
10.555, 10.559	Child Nutrition Cluster	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:

CFDA Number(s)	Name of Federal Program or Cluster
84.377	ESEA: Title I, School Improvement Grant
10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 2,579,060

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

2018-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000)

Criteria

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

Condition

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

Arthur A. Benjamin Health Professions High School

- Profit and Loss statements for the student store are not approved.
- Fundraisers are not approved by the site principal.

Sam Brannan Middle School

- A dual count is not being documented when funds are turned into the office.
- A receipt is not being issued when funds are turned into the office.
- Cash receipts are not reconciled to supporting documentation when turned into the office.
- Profit and Loss statements for the student store are not prepared or approved.

New Technology High School

- Fundraisers are not approved prior to the event.
- Monthly financial reports and reconciliations are not reviewed by the site principal.

American Legion Continuation High

- Receipts are not issued when funds are turned into the office.
- Deposits are not performed in a timely manner.

Effect

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

Cause

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

Fiscal Impact

Not determinable.

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2018-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000) (Continued)

Recommendation

Based on the deficiencies identified above, we recommend the following:

- Cash count forms should be prepared evidencing dual count of funds for receipt of funds.
- A receipt for the funds turned into the ASB should be issued.
- Cash receipts should be supported by detailed schedules noting the quantity and unit price of items sold.
- Profit and Loss statements for the student store should be prepared and approved.
- The Monthly Encumbrance Report should be reviewed by the principal.
- Approval of expenditures should be formally documented by the proper individuals (including an elected student representative if applicable) before an item is purchased.

Views of Responsible Officials and Planned Corrective Action

The District will work with site administration and staff to implement the recommendations. The District will continue to provide staff training on student body accounting procedures, including site visits and quarterly meetings with the organized site support staff.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-002 STATE COMPLIANCE - ATTENDANCE REPORTING (10000)

Criteria

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

Condition

Arthur A. Benjamin Health Professions High School - Grades 9-12:

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

New Technology High School - Grades 9-12:

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

Effect

Arthur A. Benjamin Health Professions High School - Grades 9-12:

- The total effect of the error is an overstatement of 0.01 ADA.

New Technology High School - Grades 9-12:

- The total effect of the error is an overstatement of 0.01 ADA.

Cause

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

Fiscal Impact

District:

Not applicable as the error is less than 0.50 ADA.

Charter School:

Not applicable as the error is less than 0.50 ADA.

Recommendation

We recommend that the attendance clerk reconciles attendance log with attendance records to ensure attendance is accurately recorded.

Views of Responsible Officials and Planned Corrective Action

The District will work with site administration and staff to implement the recommendations. The District will continue to provide staff training on attendance reporting procedures.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria

Education Code Section 42238.02 (b)(3)(B) - …determine if the English learner, foster youth, and free or reduced-price meal eligible pupil counts [in CalPADS] are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil records.

Condition

At multiple sites in the District, three students were improperly included as English learner. There was no supporting documentation that these students were approved to be documented as English learner status.
At New Technology High School, one student was improperly included as English learner. There was no supporting documentation that the student was approved to be documented as English learner status.

Effect

For the District, the effect of this finding is an extrapolated overstatement of 95 unduplicated pupil counts.

A.M. Winn Waldorf-Inspired K-8

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	259	200	1	58	259
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	259	200	-	58	258

Abraham Lincoln Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	476	310	17	149	476
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	476	310	15	149	474

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Alice Birney Public Waldorf eK-8

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	168	153	4	11	168
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	168	153	3	11	167

Arthur A. Benjamin Health Professions High

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	169	136	5	28	169
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	169	136	4	28	168

Bret Harte Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	245	201	5	39	245
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	245	201	4	39	244

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

C.K. McClatchy High

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	1,367	1,120	33	214	1,367
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	1,367	1,120	30	214	1,364

Camelia Basic Elementary

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	401	267	12	122	401
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	401	267	10	122	399

Cesar Chavez Intermediate

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	363	245	7	111	363
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	363	245	6	111	362

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

David Lubin Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	297	254	3	40	297
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	297	254	2	40	296

Earl Warren Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	405	234	16	155	405
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	405	234	14	155	403

Elder Creek Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	706	360	15	331	706
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	706	360	13	331	704

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Ethel I. Baker Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	647	364	29	254	647
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	647	364	26	254	644

Father Keith B. Kenny K-8

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	339	252	10	77	339
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	339	252	9	77	338

Fern Bacon Middle

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	687	455	23	209	687
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	687	455	21	209	685

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Genevieve Didion K-8

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	169	152	8	9	169
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	169	152	7	9	168

Golden Empire Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	438	352	6	80	438
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	438	352	5	80	437

H.W. Harkness Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	335	232	14	89	335
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	335	232	12	89	333

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Hiram W. Johnson High

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	1,243	777	103	363	1,243
Audit adjustments	-	-	(9)	-	(9)
Adjusted counts	1,243	777	94	363	1,234

Isador Cohen Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	233	185	4	44	233
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	233	185	3	44	232

James Marshall Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	326	239	12	75	326
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	326	239	10	75	324

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

John Cabrillo Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	305	260	4	41	305
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	305	260	3	41	304

John D. Sloat Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	212	151	11	50	212
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	212	151	10	50	211

John H. Still K - 8

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	882	572	40	270	882
Audit adjustments	-	-	(4)	-	(4)
Adjusted counts	882	572	36	270	878

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Kit Carson International Academy

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	344	279	13	52	344
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	344	279	11	52	342

Leataata Floyd Elementary

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	340	302	2	36	340
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	340	302	1	36	339

Leonardo Da Vinci K - 8

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	324	269	2	53	324
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	324	269	1	53	323

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Luther Burbank High

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	1,434	1,005	96	333	1,434
Audit adjustments	-	-	(9)	-	(9)
Adjusted counts	1,434	1,005	87	333	1,425

Mark Twain Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	286	194	7	85	286
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	286	194	6	85	285

Martin Luther King, Jr. Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	373	321	5	47	373
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	373	321	4	47	372

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Matsuyama Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	298	245	13	40	298
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	298	245	11	40	296

Nicholas Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	594	354	14	226	594
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	594	354	12	226	592

Non-Public School Group for Sacramento City Unified

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	176	118	31	27	176
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	176	118	28	27	173

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

O. W. Erlewine Elementary

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	213	185	5	23	213
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	213	185	4	23	212

Oak Ridge Elementary

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	469	323	9	137	469
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	469	323	8	137	468

Parkway Elementary

	Enrollment	Unduplicated pupil count: Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	547	397	8	142	547
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	547	397	7	142	546

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Peter Burnett Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	515	299	31	185	515
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	515	299	28	185	512

Phoebe A. Hearst Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	121	118	1	2	121
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	121	118	-	2	120

Pony Express Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	277	209	10	58	277
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	277	209	9	58	276

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Rosa Parks K - 8

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	747	527	20	200	747
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	747	527	18	200	745

Rosemont High

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	1,055	910	18	127	1,055
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	1,055	910	16	127	1,053

Sacramento City Unified - Home Hospital

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	11	2	7	2	11
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	11	2	6	2	10

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

School of Engineering & Sciences

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	403	350	9	44	403
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	403	350	8	44	402

Susan B. Anthony Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	282	112	21	149	282
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	282	112	19	149	280

Sutter Middle

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	538	458	7	73	538
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	538	458	6	73	537

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Sutterville Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	209	179	7	23	209
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	209	179	6	23	208

Tahoe Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	291	230	3	58	291
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	291	230	2	58	290

Theodore Judah Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	190	167	8	15	190
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	190	167	7	15	189

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Washington Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	152	124	3	25	152
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	152	124	2	25	151

Will C. Wood Middle

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	626	400	23	203	626
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	626	400	21	203	624

William Land Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	263	158	24	81	263
Audit adjustments	-	-	(3)	-	(3)
Adjusted counts	263	158	21	81	260

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Woodbine Elementary

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	236	156	15	65	236
Audit adjustments	-	-	(2)	-	(2)
Adjusted counts	236	156	13	65	234

District-Wide

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	29,313	21,561	981	6,771	29,313
Audit adjustments	-	-	(95)	-	(95)
Adjusted counts	29,313	21,561	886	6,771	29,218

For the New Technology High, the effect of this finding is an extrapolated overstatement of 1 unduplicated pupil counts.

New Technology High

		Unduplicated pupil count			
	Enrollment	Free & Reduced Meal Program (FRPM)	English Learners (ELAS)	Both FRPM & ELAS	Total
As certified on CalPADS	121	84	3	34	121
Audit adjustments	-	-	(1)	-	(1)
Adjusted counts	121	84	2	34	120

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2018-003 DEFICIENCY – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (Continued)

Cause

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

Fiscal Impact

The Unduplicated Pupil Percentage for Sacramento City Unified School District was originally reported at 71.42% and the revised School District Unduplicated Pupil Percentage should be revised to 71.34%; the fiscal impact is a reduction of LCFF revenues of approximately $74,402.
.
The Unduplicated Pupil Percentage for New Technology High School was originally reported at 72.25% and the revised School District Unduplicated Pupil Percentage should be revised to 72.08%; the fiscal impact is a reduction of LCFF revenues of approximately $207.

Recommendation

The District should ensure that all students are properly reflected in the CalPADS reporting under the appropriate English Learner status.

Views of Responsible Officials and Planned Corrective Action

The District will work with administration and staff to follow internal controls to confirm only eligible students are included in the California Longitudinal Pupil Achievement Data System (CALPADS) reporting before the report has been submitted. This includes ongoing inter-department meetings to ensure accurate CALPADS reporting for Free or Reduced-Price Meal Program (FRPM) and English Language Acquisition Status (ELAS) Local Control Funding Formula (LCFF) funded students; a final review process to confirm accuracy prior to the report submission; and a random selection of a sampling of the students included in the FRPM and ELAS reporting over various school sites.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2017-001 Condition: At Bowling Green Chacon Elementary, sub-receipt books that are issued are not logged or tracked. Recommendation: Sub-receipt books that are issued should be logged and tracked.	Not implemented.	See current year finding 2018-001.
2017-002 Condition: One student was improperly counted as present for one day at William Land Elementary. Recommendation: We recommend that the attendance clerk reconciles attendance log with attendance records to ensure attendance is accurately recorded.	Not implemented.	See current year finding 2018-002.
2017-003 Condition: At The Met Sacramento High School, thirty-two students did not have a properly signed contract prior to the District claiming ADA. Recommendation: The District should implement controls to ensure that the independent study contracts are properly signed prior to claiming ADA.	Implemented.	

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Board of Education
Sacramento City Unified School District
Sacramento, California

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

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento City Unified School District (the "District"), which is located in the County of Sacramento, California (the "County"), in connection with the issuance by the District of $30,900,000 aggregate principal amount of bonds designated as Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the "Bonds"). The Bonds are issued under and pursuant to a resolution of the Board of Supervisors of the County adopted on October 8, 2019 (the "County Resolution"), at the request of the District and pursuant to a resolution of the Board of Education of the District adopted on August 15, 2019 (the "District Resolution") and a Paying Agent Agreement, dated as of December 1, 2019 (the "Paying Agent Agreement"), by and between the District and the County, as paying agent (the "Paying Agent"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the District Resolution, the County Resolution, the Paying Agent Agreement, the tax certificate of the District, dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, opinions of counsel to the District, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

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 are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. 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, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Paying Agent Agreement, the District Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Paying Agent Agreement, the District Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, 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 school districts and counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. 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 the valid and binding obligations of the District.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the District.

3. The Board of Supervisors of the County has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate"), dated as of December 12, 2019, is executed and delivered by the Sacramento City Unified School District (the "District") in connection with the issuance of $30,900,000 aggregate principal amount of Sacramento City Unified School District General Obligation Bonds, Election of 2012 (Measure R), 2019 Series D (the "Bonds"). The Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Education of the District on August 15, 2019, a resolution of the Board of Supervisors of the County of Sacramento on October 8, 2019, and in accordance with the terms of a Paying Agent Agreement, dated as of December 1, 2019 (the "Paying Agent Agreement"), by and between the District and the County of Sacramento, as paying agent (the "Paying Agent"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, 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 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section 5(b)(8), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at *http://emma.msrb.org*.

"Official Statement" shall mean the final official statement dated November 21, 2019 relating to the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the District's fiscal year (presently June 30), commencing with the Annual Report for the fiscal year of the District ending June 30, 2019 (which is due no later than April 1, 2020), provide to the Participating Underwriter and to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. Neither the Paying Agent nor the Dissemination Agent shall have any duties or responsibilities with respect to the contents of the Annual Report. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the District shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the District and the Paying Agent to determine if the District is in compliance with the first sentence of this subsection (b).

(c) If the District is unable to provide the Annual Report to the MSRB by the date required in subsection (a) of this Section, the District shall send a notice in a timely manner to the MSRB through the EMMA website in substantially the form attached as Exhibit A.

(d) If the Annual Report is delivered to the Dissemination Agent for filing, the Dissemination Agent shall file a report with the District and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) Adopted budget of the District for the current fiscal year, or a summary thereof, and the first Interim Financial Report submitted to the District's governing board in accordance with Section 42130 of the Education Code (or its successor provision) together with any supporting materials submitted to the governing board.

(c) To the extent not included in the audited financial statement or annual budget of the District as indicated in paragraphs (a) and (b) above, the Annual Report shall also include the following:

1. The Average Daily Attendance for the District for the last completed fiscal year.

2. Assessed Value of taxable property within the District for the current fiscal year.

3. In the event that the Teeter Plan is not in effect, information regarding the Secured Tax Charge and Delinquency for the prior year.

(d) In addition to any of the information expressly required to be provided under subsections (a), (b) and (c) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which there are made, not misleading.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(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 business days after the occurrence of the event:

1. Unless described in Section 5(a)(5), 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;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds, if any;

5. Non-payment related defaults;

6. 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;

7. Appointment of a successor or additional paying agent or the change of name of a paying agent; or

8. 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 security holders.

(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 3, as provided in Section 3(b).

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten 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 Section 5(b)(3) 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.

(f) The District intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The Dissemination Agent may resign by providing thirty days written notice to the District and the Paying Agent. The Dissemination Agent shall have no duty to prepare any report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the District in a timely manner and in a form suitable for filing. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the

Disclosure Certificate. The District hereby appoints Capitol Public Finance Group, LLC, as the initial Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made 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 an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance 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 or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds 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 Certificate; provided that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Sacramento or in U.S. District Court in or nearest to the County.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. This Disclosure Certificate is made in the State of California and is to be construed under the Constitution and laws of the State of California, except where federal law applies.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: December 12, 2019

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By ____
Superintendent

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
Name of Bond Issue:	SACRAMENTO CITY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2012 (MEASURE R), 2019 SERIES D
Date of Issuance:	December 12, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated the Date of Issuance. [The District anticipates that the Annual Report will be filed by _____________.]

Dated: _______________

SACRAMENTO CITY UNIFIED SCHOOL DISTRICT

By ____[to be signed only if filed]_

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APPENDIX F

COUNTY OF SACRAMENTO
INVESTMENT POLICY AND INVESTMENT REPORT

The following information has been furnished by the Director of Finance, County of Sacramento. It describes (i) the policies applicable to investment of District funds, including bond proceeds and tax levies, and funds of other agencies held by the Director of Finance and (ii) the composition, carrying amount, market value and other information relating to the investment pool. Further information may be obtained directly from the Director of Finance, 700 H Street, Suite 1710, Sacramento, California 95814. Neither the District nor the Underwriter takes responsibility for the information herein.

The Board of Supervisors (the "Board") of the County last adopted an investment policy (the "County Investment Policy") on December 4, 2018. State law requires the Board to approve any changes to the investment policy.

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2019

Approved by the
Sacramento County Board of Supervisors

December 4, 2018
Resolution No. 2018-0839

Table of Contents

SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2019

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 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.

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.

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

All securities purchased, with the exception of time deposits, money market mutual funds, LAIF and Wells Fargo’s overnight investment fund, 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 Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. 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 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. These 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. Annually the Director of Finance and/or his designee will update the list of tobacco-related companies.

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. In addition, domestic banks are limited to those with a Fitch Viability rating of a or better, without regard to modifiers. The Investment Group is granted the authority to specify approved California banks with Fitch Viability ratings of bbb+ but they must have a Support rating of 1 where appropriate. Foreign banks with domestic licensed offices must have a Sovereign rating of AAA from Standard and Poor’s, Moody’s, or Fitch and a Fitch Viability rating of a or better, without regard to modifiers; however, a foreign bank may have a rating of bbb+ but they must have a Support rating of 1. Domestic savings banks must be rated a or better, without regard to modifiers, or may have a rating of bbb+ but they must a Support rating of 1.

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 to $10 million</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 each financial institution’s regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must 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 their commitment to meeting the community reinvestment lending and charitable activities, which are also 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 Treasury and Agency securities, 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	180 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

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 United States Treasuries and Government Agencies. 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 Bank 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)[2]

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

[1] The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.
[2] LAIF current maximum allowed is $65 million.

No more than 10% of the portfolio, except Treasuries and Agencies, 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. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the Approved Lists of the County and which 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 Treasuries or Agencies 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 which 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 which 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 which 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, named by the Director of Finance, shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits which are 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 Oversight Committee and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. 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.

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

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 was $470 for the period January 1, 2017, to December 31, 2018, and is adjusted for inflation every odd-numbered year. 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**	**Fitch Viability Rating**
Best-quality grade	Aaa	AAA	AAA	aaa
High-quality grade	Aa1 Aa2 Aa3	AA+ AA AA-	AA+ AA AA-	aa+ aa aa-
Upper Medium Grade	A1 A2 A3	A+ A A-	A+ A A-	a+ a a-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	bbb+ bbb bbb-
Speculative Grade	Ba1 Ba2 Ba3	BB+ BB BB-	BB+ BB BB-	bb+ bb bb-
Low Grade	B1 B2 B3	B+ B B-	B+ B B-	b+ b b-
Poor Grade to Default	Caa	CCC+	CCC	ccc
In Poor Standing	- -	CCC CCC-	- -	
Highly Speculative Default	Ca C	CC -	CC -	cc c
Default	- - -	- - D	DDD DD D	f f f

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

Fitch Support Ratings	
Rating	*Interpretation*
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

Appendix A

Fitch Sovereign Risk Ratings	
Rating	*Interpretation*
AAA	**Highest credit quality.** 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	**Very high credit quality.** 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	**High credit quality.** 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	**Good credit quality.** 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	**Speculative.** 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	**Highly speculative.** 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	**High default risk.** Default is a real possibility.
CC	**Very high levels of credit risk.** Default of some kind appears probable.
C	**Exceptionally high levels of credit risk.** Default appears imminent or inevitable.
D	**Default.** Indicates a default. Default generally is defined as one of the following: • Failure to make payment of principal and/or interest under the contractual terms of the rated obligation; • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or • The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

Quarterly Pooled Investment Fund Report

As Prescribed By
California Government Code Section 53646

For The Quarter Ended September 30, 2019

Compliance to Investment Policy

Based on the Director of Finance's Review Group Month-End Reports, there were no items out of compliance with the Calendar Year 2019 Investment Policy during the quarter ended June 30, 2019.

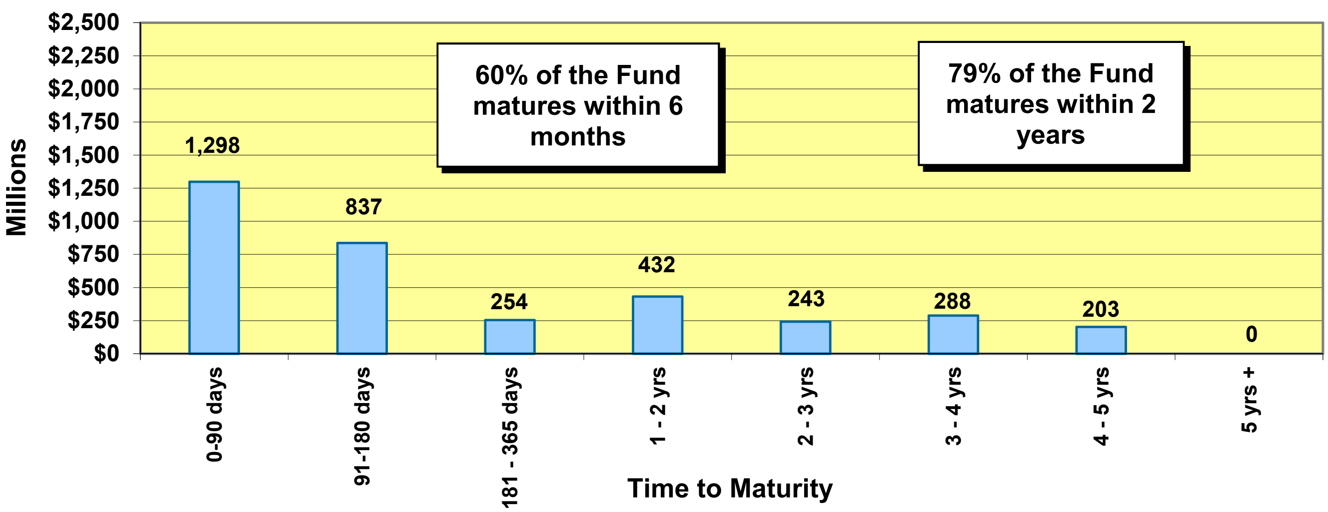
Portfolio Statistics	Quarter Ended 06/30/19	Quarter Ended 09/30/19
Average Daily Balance	$4,393,022,539	$3,658,920,049
Period-End Balance	$4,327,235,862	$3,554,687,797
Earned Interest Yield	2.484%	2.326%
Weighted Average Maturity	320 Days	384 Days
Duration in Years	0.850	1.019
Amortized Book Value	$4,328,309,251	$3,556,089,508
Market Value	$4,353,031,283	$3,581,524,567
Percent of Market to Cost	100.57%	100.72%

The earned interest yield presented above does not have any costs deducted. The investment management costs in prior years and this year continue to be approximately 10 basis points or 0.10%. The quarterly apportionment of earnings to participating funds will be made on a cash basis (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the Pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

Portfolio Structure as of September 30, 2019[1]

Investment Description	Percentage of Portfolio at Cost 06/30/19	Percentage of Portfolio at Cost 09/30/19	Percentage of Portfolio at Market 09/30/19	Earned Interest Yield at 09/30/19
US Agency, Treasury & Municipal Notes (USATM):				
US Agency Notes	**25.04%**	**27.63%**	**27.64%**	**2.060%**
Notes/Discount Notes FFCB	*9.22%*	*9.28%*	*9.28%*	*2.111%*
Notes/Discount Notes FHLB	*10.76%*	*12.33%*	*12.35%*	*2.142%*
Notes/Discount Notes FNMA	*3.91%*	*4.77%*	*4.76%*	*1.831%*
Notes/Discount Notes FHLMC	*1.14%*	*1.25%*	*1.25%*	*1.756%*
US Treasury Notes	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Municipal Notes	**0.50%**	**0.49%**	**0.48%**	**2.484%**
Total USATM	**25.53%**	**28.11%**	**28.12%**	**2.068%**
Repurchase Agreements	**0.00%**	**0.00%**	**0.00%**	**0.000%**
Supranationals	**15.16%**	**18.45%**	**18.68%**	**2.471%**
Commercial Paper	**31.58%**	**30.51%**	**30.44%**	**2.218%**
Certificates of Deposit	**26.23%**	**21.10%**	**20.94%**	**2.204%**
LAIF	**1.50%**	**1.83%**	**1.81%**	**2.341%**
Money Market Accounts	**0.00%**	**0.00%**	**0.00%**	**0.00%**

POOLED INVESTMENT FUND MATURITIES AS OF SEPTEMBER 30, 2019
$3.555 Billion



[1] Percentages may not add up to 100% due to rounding

Projected Cash Flow

Based upon our cash flow model projection dated October 9, 2019, summarized below, we have sufficient cash flow to meet expenditures for the next 12 months.

Month	Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond One Year	Funds Available for Future Cash Flow Needs*
Dollar amounts represented in millions						
Oct	20.0	$1,282.0	$718.8	$563.2	$45.0	$518.2
Nov	20.0	$1,311.5	$459.8	$851.7	$45.0	$806.7
Dec	20.0	$1,657.4	$1,178.2	$479.2	$45.0	$434.2
Jan	20.0	$1,488.1	$1,031.1	$457.0	$45.0	$412.0
Feb	20.0	$820.2	$704.4	$115.8	$45.0	$70.8
Mar	20.0	$903.4	$759.5	$143.9	$45.0	$98.9
Apr	20.0	$1,244.2	$768.8	$475.4	$45.0	$430.4
May	20.0	$642.5	$940.1	($297.6)	$45.0	($342.6)
Jun	20.0	$802.2	$971.7	($169.5)	$45.0	($214.5)
Jul	20.0	$698.5	$1,285.5	($587.0)	$45.0	($632.0)
Aug	20.0	$566.0	$755.0	($189.0)	$45.0	($234.0)
Sep	20.0	$725.3	$695.2	$30.1	$45.0	($14.9)

***Any excess net cash flow amounts in this column will be used to fund negative cash flow positions in later months.**

Detailed Listing of Investments

A complete detailed listing of all investments for the Pooled Investment Fund as of September 30, 2019, is contained in the back of this report. This report notes the type of investment; name of the security; the CUSIP; the purchase date; the maturity date; the coupon and the yield; the par value, book value and market value of each security; the pricing source for the market value; and the duration of each security.

External third-party investment manager(s) at September 30, 2019:

Investment	Firm	Amount
Local Agency Investment Fund	State Treasurer's Office	$65,000,000.00

The Fund uses an external investment accounting system called APS2 by FIS AvantGard. The market valuations are based upon the pricing of Interactive Data Corporation (IDC).

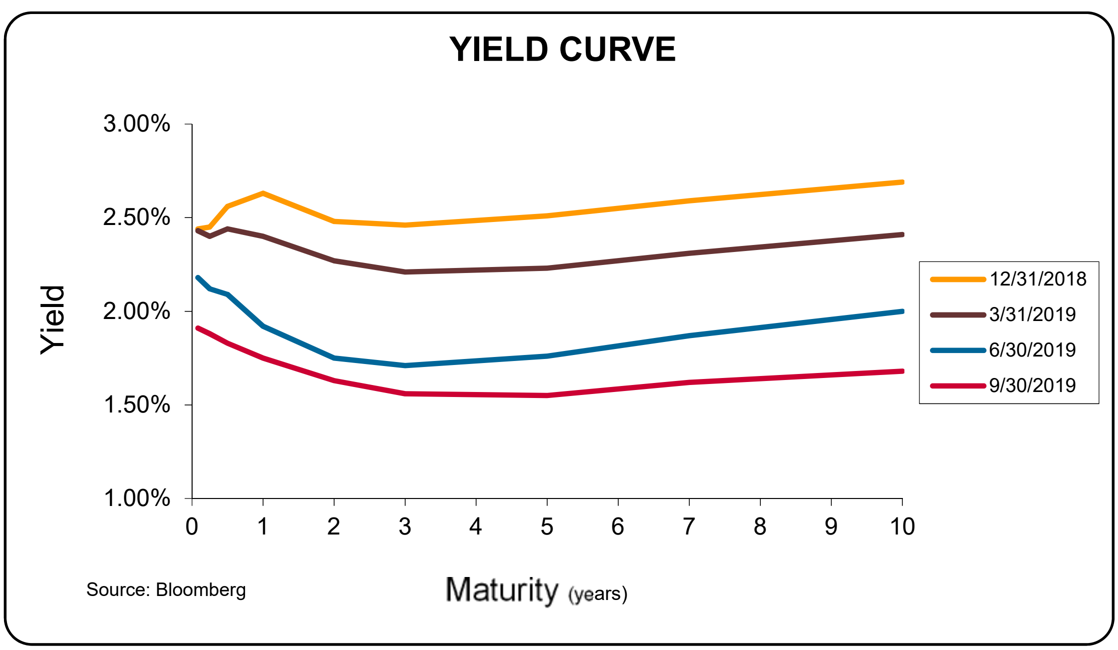
THIS COMPLETES THE QUARTERLY REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE § 53646.

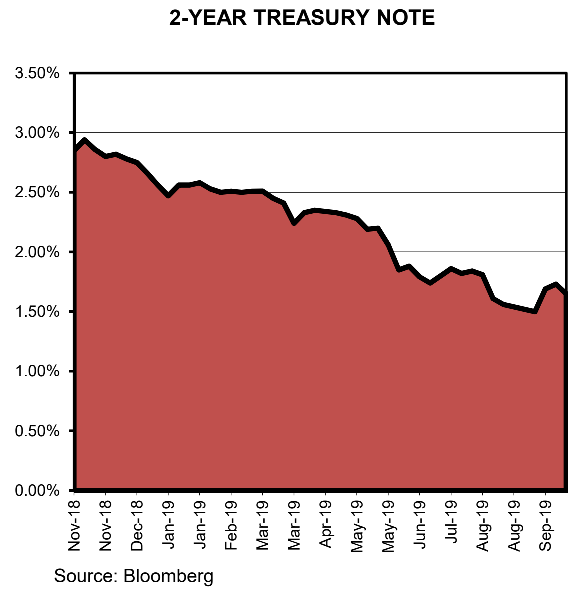
Financial Markets Commentary

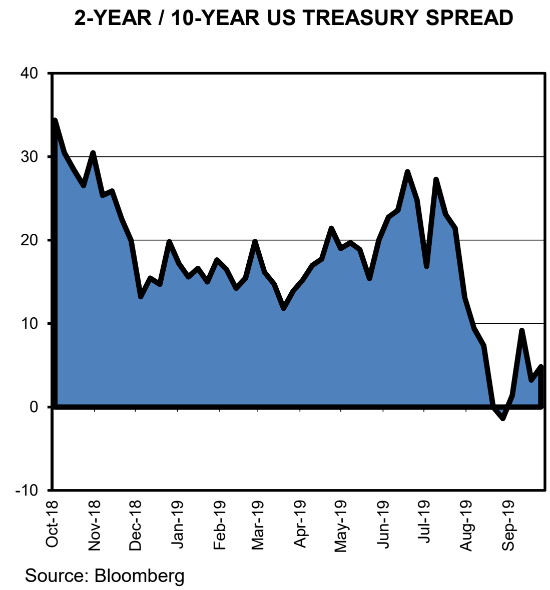
After a year and a half of rate hikes starting in December 2016, the Federal Open Market Committee (FOMC) cut the federal funds rate twice in the third quarter of 2019. With two 25 basis point cuts, first on July 31 and the second on September 18, the FOMC dropped the overnight federal funds rate to a range of 1.75% to 2.00%. These cuts were the first rate cuts by the FOMC since 2008. The Federal Reserve has indicated that lower interest rates may be warranted as the global economy has slowed and inflation is subdued despite a robust jobs market in the US. The financial markets have priced in a quarter-point rate cut on their next meeting on October 30, 2019, and expect one to two more quarter point rate cuts in 2020.

On August 14, 2019, for the first time since before the Great Recession in 2008, the extended US Treasury yield curve went negative when the 2-year US Treasury yield briefly traded higher than the 10-year US Treasury yield. Then on August 27th, the 3-month US Treasury yielded 0.51% higher than the 10-year US Treasury. With the historical significance of a negative yield curve, markets have been on high alert for any signs the US economy is headed for a recession. However, timing of the recession can very after an inversion of the yield curve and it could be years before one occurs. For instance, the yield curve inverted in January 2005, but the Great Recession didn't officially start until mid-2007.

There have been arguments that the massive monetary policy moves by the FOMC have created big enough distortions to the US Treasury market that a negative yield curve may not be sign of an eminent recession. But skepticism may be warranted towards any argument that starts with "It's different this time." With the negative yield curve and the FOMC stating moderate policy accommodations are needed to sustain the US economic expansion, we should expect the yield on the Pooled Investment Fund to move lower from its current levels over the next few quarters.







Portfolio Management Strategy

During the past quarter, we continued to provide adequate liquidity to meet the cash flow needs of the Pooled Investment Fund participants. We are currently funding the cash flows for February 2020. We are purchasing two- and five-year U. S. Treasury, U.S. Agency, and Washington Supranational securities on a monthly basis for the "CORE" portfolio, which is composed of all securities maturing beyond one year. This laddered structure stabilizes the yield over longer periods. Over the next quarter, our quarterly yield should range between 2.10% and 2.20%.

Respectfully submitted,
Bernard Santo Domingo
Chief Investment Officer

Concur,
Ben Lamera
Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: October 18, 2019

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2019

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
VR-SAC COUNTY 15-16		10/27/2015	8/3/2020	2.484%	2.484%	1,361,847.82	1,361,847.82	1,361,847.82	BOOK	0.843
VR-SAC COUNTY 16-17		11/1/2016	8/2/2021	2.484%	2.484%	2,378,220.75	2,378,220.75	2,378,220.75	BOOK	1.830
VR-SAC COUNTY 17-18		11/14/2017	8/1/2022	2.484%	2.484%	4,204,257.70	4,204,257.70	4,204,257.70	BOOK	2.798
VR-SAC COUNTY 18-19		12/4/2018	8/1/2023	2.484%	2.484%	9,362,630.31	9,362,630.31	9,362,630.31	BOOK	3.714
TOTAL VARIABLE RATE(MUNI)QUARTERLY				2.484%	2.484%	17,306,956.58	17,306,956.58	17,306,956.58		3.007
						0.49%	0.49%	0.48%		
FFCB NOTE (250)	3133EHF32	10/10/2017	10/10/2019	1.500%	1.554%	25,000,000.00	24,973,350.00	24,997,750.00	SUNGARD	0.027
FFCB NOTE (30)	3133EHP98	11/6/2017	11/6/2019	1.600%	1.655%	25,000,000.00	24,973,000.00	24,994,750.00	SUNGARD	0.101
FFCB NOTE (260)	3133EE5Z9	8/28/2015	8/4/2020	1.750%	1.700%	10,000,000.00	10,023,500.00	9,995,000.00	SUNGARD	0.840
FFCB NOTE (20)	3133EJWP0	8/15/2018	8/10/2020	2.710%	2.685%	25,000,000.00	25,012,100.00	25,190,750.00	SUNGARD	0.854
FFCB NOTE (120)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,979,100.00	SUNGARD	1.067
FFCB NOTE (86)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,979,100.00	SUNGARD	1.067
FFCB NOTE (170)	3133EJ2R9	12/14/2018	12/14/2020	2.750%	2.847%	25,000,000.00	24,953,050.00	25,269,000.00	SUNGARD	1.185
FFCB NOTE (120)	3133EJ4Q9	1/11/2019	1/11/2021	2.550%	2.596%	25,000,000.00	24,977,750.00	25,225,500.00	SUNGARD	1.262
FFCB NOTE (85)	3133EFYZ4	2/18/2016	2/10/2021	1.375%	1.495%	10,000,000.00	9,942,600.00	9,940,200.00	SUNGARD	1.351
FFCB NOTE (170)	3133EKAJ5	2/11/2019	2/11/2021	2.500%	2.545%	25,000,000.00	24,978,100.00	25,226,500.00	SUNGARD	1.345
FFCB NOTE (170)	3133EKFP6	4/5/2019	4/5/2021	2.230%	2.395%	25,000,000.00	24,919,950.00	25,157,250.00	SUNGARD	1.481
FFCB NOTE (170)	3133EKZV1	8/16/2019	8/16/2021	1.550%	1.705%	25,000,000.00	24,923,975.00	24,900,500.00	SUNGARD	1.855
FFCB NOTE (260)	3133EHTS2	8/9/2017	8/3/2022	1.900%	1.895%	20,000,000.00	20,004,700.00	20,153,000.00	SUNGARD	2.772
FFCB NOTE (120)	3133EHYR8	9/14/2017	9/13/2022	1.750%	1.849%	20,000,000.00	19,906,200.00	20,080,000.00	SUNGARD	2.888
FFCB NOTE (330)	3133EJ3Q0	12/21/2018	12/21/2023	2.875%	2.852%	20,000,000.00	20,021,380.00	21,004,000.00	SUNGARD	3.978
FFCB NOTE (170)	3133EKQU3	6/26/2019	6/13/2024	1.950%	1.877%	20,000,000.00	20,069,200.00	20,279,400.00	SUNGARD	4.491
FFCB NOTE (170)	3133EKA63	8/23/2019	8/16/2024	1.600%	1.554%	20,000,000.00	20,043,880.00	19,954,200.00	SUNGARD	4.703
TOTAL FED FARM CREDIT BONDS(FFCB)				2.067%	2.111%	330,000,000.00	329,722,735.00	332,326,000.00		1.856
						9.25%	9.28%	9.28%		
FHLB NOTE (120)	3130A0JR2	12/16/2014	12/13/2019	2.375%	1.713%	10,000,000.00	10,315,650.00	10,009,000.00	SUNGARD	0.203
FHLB NOTE (170)	3130A0JR2	12/6/2017	12/13/2019	2.375%	1.889%	25,000,000.00	25,239,475.00	25,022,500.00	SUNGARD	0.203
FHLB NOTE (20)	313378J77	4/23/2015	3/13/2020	1.875%	1.455%	10,000,000.00	10,197,500.00	10,000,600.00	SUNGARD	0.452
FHLB NOTE (120)	313383HU8	6/12/2015	6/12/2020	1.750%	1.903%	10,000,000.00	9,927,290.00	9,992,900.00	SUNGARD	0.696
FHLB NOTE (45)	313383HU8	7/14/2015	6/12/2020	1.750%	1.851%	10,000,000.00	9,952,800.00	9,992,900.00	SUNGARD	0.696
FHLB NOTE (330)	3130A5Z77	9/28/2015	7/29/2020	1.830%	1.600%	10,000,000.00	10,106,700.00	9,998,100.00	SUNGARD	0.826
FHLB NOTE (170)	3130AF2D8	10/4/2018	10/15/2020	2.860%	2.861%	25,000,000.00	24,999,325.00	25,253,250.00	SUNGARD	1.021
FHLB NOTE (20)	3130A1W95	6/12/2019	6/11/2021	2.250%	2.014%	25,000,000.00	25,114,750.00	25,241,000.00	SUNGARD	1.664
FHLB NOTE (170)	3130AGLD5	7/8/2019	7/7/2021	1.875%	1.832%	25,000,000.00	25,021,175.00	25,088,250.00	SUNGARD	1.742
FHLB NOTE (170)	313378JP7	9/9/2019	9/10/2021	2.375%	1.573%	25,000,000.00	25,393,675.00	25,339,250.00	SUNGARD	1.910

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DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
FHLB NOTE (45)	3130AABG2	12/16/2016	11/29/2021	1.875%	2.228%	20,000,000.00	19,670,800.00	20,081,400.00	SUNGARD	2.118
FHLB NOTE (170)	313378CR0	3/13/2017	3/11/2022	2.250%	2.129%	20,000,000.00	20,114,200.00	20,286,400.00	SUNGARD	2.392
FHLB NOTE (120)	313379Q69	6/13/2017	6/10/2022	2.125%	1.888%	20,000,000.00	20,225,000.00	20,253,400.00	SUNGARD	2.617
FHLB NOTE (120)	3130ABS23	7/14/2017	7/14/2022	2.000%	2.000%	20,000,000.00	20,000,000.00	20,213,800.00	SUNGARD	2.716
FHLB NOTE (170)	3130A3KM5	12/12/2017	12/9/2022	2.500%	2.240%	20,000,000.00	20,243,840.00	20,505,000.00	SUNGARD	3.065
FHLB NOTE (86)	313383YJ4	11/27/2018	9/8/2023	3.375%	3.038%	20,000,000.00	20,297,200.00	21,317,400.00	SUNGARD	3.716
FHLB NOTE (170)	3130A0F70	1/9/2019	12/8/2023	3.375%	2.734%	20,000,000.00	20,585,640.00	21,398,400.00	SUNGARD	3.906
FHLB NOTE (170)	3130A1XJ2	7/10/2019	6/14/2024	2.875%	1.964%	20,000,000.00	20,851,300.00	21,116,400.00	SUNGARD	4.406
FHLB NOTE (170)	3130A2UW4	9/16/2019	9/13/2024	2.875%	1.802%	20,000,000.00	21,019,820.00	21,144,200.00	SUNGARD	4.655
TOTAL FED HOME LOAN BANKS				2.411%	2.083%	355,000,000.00	359,276,140.00	362,254,150.00		2.221
						9.95%	10.11%	10.11%		
FNMA NOTE (330)	3135G0ZY2	11/26/2014	11/26/2019	1.750%	1.836%	10,000,000.00	9,958,950.00	9,997,900.00	SUNGARD	0.156
FNMA NOTE (20)	3135G0A78	1/30/2015	1/21/2020	1.625%	1.431%	10,000,000.00	10,092,965.20	9,991,300.00	SUNGARD	0.309
FNMA NOTE (120)	3135G0A78	2/13/2015	1/21/2020	1.625%	1.658%	10,000,000.00	9,984,400.00	9,991,300.00	SUNGARD	0.309
FNMA (330)	3135G0UU5	3/24/2015	3/6/2020	1.750%	1.544%	10,000,000.00	10,097,580.00	9,994,000.00	SUNGARD	0.433
FNMA NOTE (120)	3135G0H55	12/28/2015	12/28/2020	1.875%	1.836%	10,000,000.00	10,018,400.00	10,011,500.00	SUNGARD	1.231
FNMA NOTE (20)	3135G0Q89	10/13/2016	10/7/2021	1.375%	1.497%	20,000,000.00	19,883,440.00	19,886,600.00	SUNGARD	1.985
FNMA NOTE (45)	3135G0Q89	11/16/2016	10/7/2021	1.375%	1.775%	20,000,000.00	19,626,600.00	19,886,600.00	SUNGARD	1.985
FNMA NOTE (45)	3135G0S38	1/17/2017	1/5/2022	2.000%	2.043%	20,000,000.00	19,959,800.00	20,143,200.00	SUNGARD	2.215
FNMA NOTE (120)	3135G0T45	5/9/2017	4/5/2022	1.875%	2.005%	20,000,000.00	19,878,800.00	20,136,200.00	SUNGARD	2.445
FNMA NOTE (330)	3135G0T78	10/18/2017	10/5/2022	2.000%	2.031%	20,000,000.00	19,970,560.00	20,203,200.00	SUNGARD	2.912
FNMA NOTE (330)	3135G0T78	11/6/2017	10/5/2022	2.000%	2.065%	20,000,000.00	19,939,400.00	20,203,200.00	SUNGARD	2.911
TOTAL FED NAT MORT ASSOC				1.758%	1.831%	170,000,000.00	169,410,895.20	170,445,000.00		1.841
						4.77%	4.77%	4.76%		
FHLB DISC NOTE (86)	313384MK2	4/11/2019	10/1/2019	2.380%	2.408%	80,000,000.00	79,085,022.22	80,000,000.00	SUNGARD	0.003
TOTAL FHLB DISC NOTES				2.380%	2.408%	80,000,000.00	79,085,022.22	80,000,000.00		0.003
						2.24%	2.22%	2.23%		
FHLMC NOTE (170)	3137EAEE5	1/4/2018	1/17/2020	1.500%	1.985%	25,000,000.00	24,759,250.00	24,969,500.00	SUNGARD	0.298
FHLMC NOTE (120)	3137EADR7	5/20/2015	5/1/2020	1.375%	1.625%	10,000,000.00	9,881,500.00	9,970,600.00	SUNGARD	0.583
FHLMC NOTE (170)	3137EAEC9	8/17/2016	8/12/2021	1.125%	1.314%	10,000,000.00	9,908,900.00	9,896,600.00	SUNGARD	1.850
TOTAL FHLMC				1.389%	1.756%	45,000,000.00	44,549,650.00	44,836,700.00		0.706
						1.26%	1.25%	1.25%		

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DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
IADB NOTE (45)	4581X0BL1	2/13/2018	2/14/2020	3.875%	2.255%	25,000,000.00	25,788,750.00	25,161,500.00	SUNGARD	0.375
IBRD NOTE (20)	459058FA6	3/8/2018	3/30/2020	1.376%	2.362%	25,000,000.00	24,506,925.00	24,917,500.00	SUNGARD	0.498
IFC NOTE (45)	45950VLS3	4/12/2018	4/9/2020	2.460%	2.460%	25,000,000.00	25,000,000.00	25,027,000.00	SUNGARD	0.519
IADB NOTE (20)	4581X0CX4	5/9/2018	5/12/2020	1.625%	2.626%	25,000,000.00	24,513,471.25	24,951,750.00	SUNGARD	0.613
IADB NOTE (170)	4581X0CX4	6/5/2018	5/12/2020	1.625%	2.599%	25,000,000.00	24,543,200.00	24,951,750.00	SUNGARD	0.613
IFC NOTE (170)	45950VLZ7	7/20/2018	7/20/2020	2.690%	2.732%	25,000,000.00	24,979,650.00	24,979,650.00	SUNGARD	0.799
IBRD NOTE (45)	459058GA5	9/10/2018	9/4/2020	1.626%	2.735%	25,000,000.00	24,468,150.00	24,957,750.00	SUNGARD	0.924
IADB NOTE (45)	4581X0CD8	11/12/2015	11/9/2020	2.125%	1.887%	10,000,000.00	10,112,900.00	10,030,900.00	SUNGARD	1.093
IFC NOTE (170)	45950VMQ6	11/13/2018	11/13/2020	3.000%	3.038%	25,000,000.00	24,981,600.00	25,263,750.00	SUNGARD	1.097
IBRD NOTE (45)	45905UUY8	2/4/2016	2/4/2021	1.550%	1.550%	10,000,000.00	10,000,000.00	9,963,400.00	SUNGARD	1.333
IBRD NOTE (45)	459058EW9	3/9/2016	3/9/2021	1.626%	1.667%	10,000,000.00	9,979,880.00	9,979,600.00	SUNGARD	1.430
IBRD NOTE(45)	459058EW9	4/22/2016	3/9/2021	1.626%	1.413%	10,000,000.00	10,099,780.00	9,979,600.00	SUNGARD	1.430
IADB NOTE (170)	4581X0CS5	3/6/2019	3/15/2021	1.875%	2.633%	25,000,000.00	24,628,850.00	25,038,000.00	SUNGARD	1.444
IBRD NOTE (170)	459058FH1	5/24/2016	5/24/2021	1.376%	1.376%	10,000,000.00	9,980,400.00	9,941,800.00	SUNGARD	1.630
IBRD NOTE (170)	459058FH1	6/17/2016	5/24/2021	1.376%	1.376%	10,000,000.00	10,030,300.00	9,941,800.00	SUNGARD	1.630
IBRD NOTE (45)	459058FH1	5/6/2019	5/24/2021	1.376%	2.389%	25,000,000.00	24,496,250.00	24,854,500.00	SUNGARD	1.629
IBRD NOTE (170)	45905UXP4	7/26/2016	7/26/2021	1.300%	1.305%	10,000,000.00	9,997,500.00	9,915,300.00	SUNGARD	1.803
IADB NOTE (170)	4581X0CV8	9/16/2016	9/14/2021	1.250%	1.439%	20,000,000.00	19,818,800.00	19,825,600.00	SUNGARD	1.937
IBRD NOTE (85)	459058DY6	2/15/2017	2/10/2022	1.626%	2.177%	20,000,000.00	19,481,600.00	19,986,200.00	SUNGARD	2.321
IBRD NOTE (170)	45905UH23	4/27/2017	4/27/2022	1.930%	1.942%	20,000,000.00	19,989,000.00	19,989,000.00	SUNGARD	2.504
IADB NOTE (170)	4581X0DA3	1/18/2018	1/18/2023	2.500%	2.482%	20,000,000.00	20,016,840.00	20,543,000.00	SUNGARD	3.173
IADB NOTE (170)	4581X0DA3	2/16/2018	1/18/2023	2.500%	2.788%	20,000,000.00	19,736,200.00	20,543,000.00	SUNGARD	3.172
IBRD NOTE (170)	45905UT53	3/20/2018	3/8/2023	2.720%	2.824%	20,000,000.00	19,904,260.00	20,744,000.00	SUNGARD	3.301
IBRD NOTE (45)	459058FF5	5/11/2018	4/19/2023	1.750%	2.941%	20,000,000.00	18,912,000.00	20,079,600.00	SUNGARD	3.430
IFC NOTE (170)	45950VLV6	4/20/2018	4/20/2023	2.826%	2.826%	20,000,000.00	20,000,000.00	20,000,000.00	SUNGARD	3.366
IADB NOTE (45)	45818WBW5	6/22/2018	6/15/2023	2.976%	2.976%	20,000,000.00	20,000,000.00	20,889,200.00	SUNGARD	3.509
IADB NOTE (170)	45818WBX3	7/26/2018	7/20/2023	2.870%	2.965%	20,000,000.00	19,912,860.00	20,841,600.00	SUNGARD	3.613
IFC NOTE (170)	45950KCP3	8/28/2018	7/31/2023	2.875%	2.869%	20,000,000.00	20,005,580.00	20,907,800.00	SUNGARD	3.640
IADB NOTE (170)	45818WBY1	9/11/2018	8/16/2023	2.960%	2.946%	20,000,000.00	20,012,400.00	20,877,800.00	SUNGARD	3.680
IBRD NOTE (170)	459058GL1	10/9/2018	9/27/2023	3.000%	3.187%	20,000,000.00	19,829,440.00	21,049,200.00	SUNGARD	3.790
IADB NOTE (170)	4581X0DF2	2/22/2019	1/16/2024	2.625%	2.640%	20,000,000.00	19,986,000.00	20,825,600.00	SUNGARD	4.068
IBRD NOTE (170)	459058GQ0	3/29/2019	3/19/2024	2.500%	2.307%	20,000,000.00	20,180,700.00	20,750,600.00	SUNGARD	4.255
IADB NOTE (170)	45818WCJ3	4/12/2019	4/9/2024	2.375%	2.401%	20,000,000.00	19,975,940.00	20,649,800.00	SUNGARD	4.269
IABD NOTE (170)	45818WCJ3	5/23/2019	4/9/2024	2.375%	2.326%	20,000,000.00	20,044,360.00	20,649,800.00	SUNGARD	4.269
TOTAL SUPRANATIONALS				2.250%	2.471%	660,000,000.00	655,913,586.25	669,007,350.00		2.247
						18.51%	18.45%	18.68%		

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CP-JP MORGAN (23)	46640QX22	4/15/2019	10/2/2019	2.530%	2.561%	35,000,000.00	34,581,847.22	34,997,958.33	SUNGARD	0.005
CP-TOYOTA MOTOR (270)	89233HX41	4/25/2019	10/4/2019	2.510%	2.539%	10,000,000.00	9,887,050.00	9,998,250.00	SUNGARD	0.011
CP-CANADIAN IMPERIAL (25)	13607FX76	5/1/2019	10/7/2019	2.480%	2.507%	40,000,000.00	39,561,866.67	39,986,000.00	SUNGARD	0.019
CP-TORONTO DOMINION (20)	89116FX70	5/3/2019	10/7/2019	2.490%	2.517%	30,000,000.00	29,674,225.00	29,989,500.00	SUNGARD	0.019
CP-TOYOTA MOTOR (270)	89233HX82	5/3/2019	10/8/2019	2.490%	2.518%	20,000,000.00	19,781,433.33	19,991,833.33	SUNGARD	0.022
CP-JP MORGAN (23)	46640QX89	5/15/2019	10/8/2019	2.510%	2.536%	50,000,000.00	49,491,027.78	49,979,583.33	SUNGARD	0.022
CP-EXXON MOBIL (50)	30229BXG7	6/25/2019	10/16/2019	2.250%	2.266%	40,000,000.00	39,717,500.00	39,965,000.00	SUNGARD	0.044
CP-BK OF MONTEAL (45)	06366HXJ1	4/22/2019	10/18/2019	2.535%	2.567%	20,000,000.00	19,747,908.33	19,980,166.67	SUNGARD	0.049
CP-JP MORGAN (23)	46640QXN6	5/17/2019	10/22/2019	2.520%	2.548%	30,000,000.00	29,668,200.00	29,963,250.00	SUNGARD	0.060
CP-JP MORGAN (23)	46640QXU0	5/20/2019	10/28/2019	2.490%	2.518%	25,000,000.00	24,721,604.17	24,960,625.00	SUNGARD	0.077
CP-JP MORGAN (23)	46640QY13	5/14/2019	11/1/2019	2.520%	2.551%	30,000,000.00	29,640,900.00	29,945,750.00	SUNGARD	0.088
CP-JP MORGAN (23)	46640QY13	5/28/2019	11/1/2019	2.470%	2.497%	30,000,000.00	29,676,841.67	29,945,750.00	SUNGARD	0.088
CP-CANADIAN IMPER (25)	13607FY42	6/4/2019	11/4/2019	2.310%	2.333%	45,000,000.00	44,558,212.50	44,910,750.00	SUNGARD	0.096
CP-APPLE INC (4)	03785EY73	6/4/2019	11/7/2019	2.380%	2.405%	25,000,000.00	24,742,166.67	24,946,041.67	SUNGARD	0.104
CP-TORONTO (20)	89116FY87	6/10/2019	11/8/2019	2.300%	2.322%	25,000,000.00	24,758,819.44	24,944,583.33	SUNGARD	0.107
CP-TORONTO (20)	89116FYD6	7/8/2019	11/13/2019	2.250%	2.268%	10,000,000.00	9,920,000.00	9,974,916.67	SUNGARD	0.120
CP-CANADIAN IMP (25)	13607FYF7	6/25/2019	11/15/2019	2.130%	2.148%	25,000,000.00	24,788,479.17	24,934,375.00	SUNGARD	0.126
CP-TORONTO (20)	89116FYJ3	7/3/2019	11/18/2019	2.250%	2.270%	25,000,000.00	24,784,375.00	24,930,000.00	SUNGARD	0.134
CP-TORONTO (20)	89116FYL8	7/3/2019	11/20/2019	2.250%	2.270%	20,000,000.00	19,825,000.00	19,941,666.67	SUNGARD	0.140
CP-TORONTO (20)	89116FYM6	7/8/2019	11/21/2019	2.250%	2.269%	20,000,000.00	19,830,000.00	19,940,500.00	SUNGARD	0.142
CP-TORONTO DOMINION (20)	89116FZ29	7/11/2019	12/2/2019	2.170%	2.189%	20,000,000.00	19,826,400.00	19,927,322.22	SUNGARD	0.172
CP-TOYOTA (270)	89233HZ23	8/6/2019	12/2/2019	2.050%	2.064%	25,000,000.00	24,832,013.89	24,909,152.78	SUNGARD	0.172
CP-TOYOTA MOTOR (270)	89233HZ56	8/7/2019	12/5/2019	2.050%	2.064%	15,000,000.00	14,897,500.00	14,942,854.17	SUNGARD	0.181
CP-BK OF MONTREAL (45)	06366HZ67	8/2/2019	12/6/2019	2.135%	2.151%	40,000,000.00	39,701,100.00	39,845,266.67	SUNGARD	0.183
CP-TOYOTA MOTOR (270)	89233GA22	8/8/2019	1/2/2020	2.020%	2.037%	20,000,000.00	19,835,033.33	19,892,533.33	SUNGARD	0.257
CP-BK OF MONTREAL (45)	06366GA25	8/20/2019	1/2/2020	1.900%	1.914%	65,000,000.00	64,536,875.00	64,650,733.33	SUNGARD	0.257
CP-BK OF MONTREAL (45)	06366GA33	8/20/2019	1/3/2020	1.900%	1.914%	20,000,000.00	19,856,444.44	19,891,377.78	SUNGARD	0.260
CP-TOYOTA MOTOR (270)	89233GA30	8/23/2019	1/3/2020	2.010%	2.025%	15,000,000.00	14,888,612.50	14,918,533.33	SUNGARD	0.260
CP-CHEVRON CORP (4)	16677JA63	9/3/2019	1/6/2020	1.950%	1.963%	55,000,000.00	54,627,604.17	54,691,755.56	SUNGARD	0.268
CP-TOYOTA MOTOR (270)	89233GA89	8/15/2019	1/8/2020	1.970%	1.986%	40,000,000.00	39,680,422.22	39,771,200.00	SUNGARD	0.274
CP-CHEVRON CORP (4)	16677JA97	9/3/2019	1/9/2020	1.950%	1.964%	25,000,000.00	24,826,666.67	24,855,555.56	SUNGARD	0.277
CP-CHEVRON (4)	16677JAA4	9/5/2019	1/10/2020	1.940%	1.953%	70,000,000.00	69,520,927.78	69,591,511.11	SUNGARD	0.279
CP-CANADIAN IMP (25)	13607EAD1	8/12/2019	1/13/2020	1.980%	1.997%	30,000,000.00	29,745,900.00	29,819,733.33	SUNGARD	0.287
CP-EXXON MOBIL (4)	30229AAQ2	9/27/2019	1/24/2020	1.940%	1.953%	30,000,000.00	29,807,616.67	29,800,666.67	SUNGARD	0.318
CP-TOYOTA (270)	89233GAW6	9/17/2019	1/30/2020	2.060%	2.076%	24,000,000.00	23,814,600.00	23,833,020.00	SUNGARD	0.334
CP-TORONTO DOMINION (20)	89116EAW3	9/19/2019	1/30/2020	2.040%	2.055%	20,000,000.00	19,849,266.67	19,860,850.00	SUNGARD	0.334
CP-BANK OF MONTREAL (45)	06366GAW9	9/19/2019	1/30/2020	2.000%	2.015%	25,000,000.00	24,815,277.78	24,826,062.50	SUNGARD	0.334
TOTAL COMMERCIAL PAPER DISC				2.198%	2.218%	1,094,000,000.00	1,084,419,718.07	1,090,254,628.34		0.165

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2019

DESCRIPTION	CUSIP	PURCHASE DATE	MATURITY DATE	INTEREST RATE	TRADING YIELD	PAR VALUE	BOOK VALUE	MARKET VALUE	SOURCE	DURATION (YEARS)
						30.68%	30.51%	30.44%		
CD-CANADIAN IMPERIAL (25)	13606BU61	4/9/2019	10/1/2019	2.560%	2.560%	30,000,000.00	30,000,000.00	30,000,429.15	SUNGARD	0.003
CD-US BANK (240)	90333VQ29	4/15/2019	10/3/2019	2.480%	2.480%	30,000,000.00	30,000,000.00	30,001,091.37	SUNGARD	0.008
CD-SKANDINAVISKA (120)	83050PAF6	4/16/2019	10/4/2019	2.570%	2.570%	30,000,000.00	30,000,000.00	30,001,752.67	SUNGARD	0.011
CD-WELLS FARGO BK (170)	95001KAG9	4/26/2019	10/18/2019	2.450%	2.450%	50,000,000.00	50,000,000.00	50,010,200.12	SUNGARD	0.049
CD-US BANK (240)	90333VS27	5/28/2019	11/1/2019	2.440%	2.440%	20,000,000.00	20,000,000.00	20,007,149.58	SUNGARD	0.088
CD-SKANDINAVISKA (120)	83050PBD0	6/3/2019	11/1/2019	2.390%	2.390%	60,000,000.00	60,000,000.00	60,018,848.37	SUNGARD	0.088
CD-US BANK (240)	90333VS50	6/18/2019	11/12/2019	2.210%	2.210%	30,000,000.00	30,000,000.00	30,006,330.93	SUNGARD	0.118
CD-SVENSKA (120)	86959RAL4	7/1/2019	11/15/2019	2.155%	2.150%	40,000,000.00	40,000,754.93	40,006,321.27	SUNGARD	0.126
CD-SVENSKA (120)	86959RAV2	7/15/2019	12/2/2019	2.155%	2.150%	40,000,000.00	40,000,771.33	40,008,767.25	SUNGARD	0.172
CD-RABOBANK (280)	21684XBJ4	7/16/2019	12/2/2019	2.150%	2.150%	20,000,000.00	20,000,000.00	20,004,214.20	SUNGARD	0.172
CD-SVENSKA (120)	86959RBE9	8/2/2019	12/3/2019	2.155%	2.150%	60,000,000.00	60,001,017.53	60,013,590.21	SUNGARD	0.175
CD-US BANK (240)	90333VU40	9/6/2019	1/14/2020	1.970%	1.970%	35,000,000.00	35,000,000.00	34,994,605.91	SUNGARD	0.290
CD-US BANK (240)	90333VU57	9/12/2019	1/16/2020	1.960%	1.960%	20,000,000.00	20,000,000.00	19,996,303.62	SUNGARD	0.296
CD-US BANK (240)	90333VU73	9/16/2019	1/30/2020	1.990%	1.990%	30,000,000.00	30,000,000.00	29,996,812.89	SUNGARD	0.334
CD-SVENSKA (120)	86959RBZ2	9/19/2019	1/30/2020	2.045%	2.040%	30,000,000.00	30,000,550.02	30,002,396.93	SUNGARD	0.334
CD-RB OF CANADA (260)	78012URA5	9/23/2019	1/31/2020	2.020%	2.020%	110,000,000.00	110,000,000.00	109,999,703.85	SUNGARD	0.337
CD-SKANDINAVISKA (120)	83050PDM8	8/28/2019	2/3/2020	1.970%	1.970%	40,000,000.00	40,000,000.00	39,992,542.04	SUNGARD	0.345
CD-RABOBANK (280)	21684XCQ7	9/30/2019	2/3/2020	2.020%	2.020%	45,000,000.00	45,000,000.00	45,000,000.00	SUNGARD	0.339
CD-FIVE STAR BK (CRA)		4/25/2019	4/23/2020	2.450%	2.450%	5,000,000.00	5,000,000.00	5,013,260.10	SUNGARD	0.564
CD-EAST WEST BK (CRA)		4/25/2019	4/25/2020	2.750%	2.750%	10,000,000.00	10,000,000.00	10,043,781.84	SUNGARD	0.569
CD-BANK OF THE WEST (CRA)		5/10/2019	5/8/2020	2.500%	2.500%	10,000,000.00	10,000,000.00	10,031,575.21	SUNGARD	0.605
TOTAL CERT. OF DEPOSIT/THRIFT NOTES				2.201%	2.200%	745,000,000.00	745,003,093.81	745,149,677.51		0.210
						20.89%	20.96%	20.81%		
CD-UMPQUA BANK (CRA)		4/23/2019	4/23/2020	2.800%	2.800%	5,000,000.00	5,000,000.00	4,944,194.44	SUNGARD	0.564
TOTAL CD-ACT OVER 365/366				2.800%	2.800%	5,000,000.00	5,000,000.00	4,944,194.44		0.564
						0.14%	0.14%	0.14%		
LAIF POOL		7/31/1997	10/31/2019	2.341%	2.341%	65,000,000.00	65,000,000.00	65,000,000.00	BOOK	0.085
TOTAL PASSBOOK ACCOUNTS				2.341%	2.341%	65,000,000.00	65,000,000.00	65,000,000.00		0.085
						1.82%	1.83%	1.81%		
	Grand Total			2.196%	2.222%	3,566,306,956.58	3,554,687,797.13	3,581,524,656.87		1.019

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The information in this APPENDIX G has been provided by DTC for use in securities offering documents, and the District takes no responsibility for the accuracy or completeness thereof. Neither the District nor the Underwriter gives any assurances that DTC, DTC Participants or Indirect Participants will distribute to the beneficial owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in 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 "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this Appendix, "Securities" means the Bonds, "Issuer" means the District, and "Agent" means the Paying Agent. The District notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the securities (the "**Securities**"). The Securities 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 Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities 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.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("**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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX H

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:
1 World Financial Center, 27^{th} floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)