

**FOLSOM CORDOVA UNIFIED
SCHOOL DISTRICT**

**SCHOOL FACILITIES IMPROVEMENT DISTRICT #3
MEASURE M GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2021

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
Rancho Cordova, California

SCHOOL FACILITIES IMPROVEMENT DISTRICT #3
MEASURE M GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Folsom Cordova Unified School District
Rancho Cordova, California

We have conducted a performance audit of the Folsom Cordova Unified School District (the "District") School Facilities Improvement District #3 ("SFID #3"), Measure M General Obligation Bond funds for the year ended June 30, 2021.

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

Our audit was limited to the objectives listed on page 3 of this report which included determining that the District expended Measure M General Obligation Bond funds for the year ended June 30, 2021 only for the purposes approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure M General Obligation Bond proceeds. Management is responsible for Folsom Cordova Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Folsom Cordova Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of the published election materials specifying the intended use of Measure M General Obligation Bond proceeds, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Folsom Cordova Unified School District expended Measure M General Obligation Bond funds for the year ended June 30, 2021 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure M General Obligation Bond proceeds.



Crowe LLP

Sacramento, California
January 31, 2022

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT #3
BACKGROUND INFORMATION

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT SCHOOL FACILITIES IMPROVEMENT DISTRICT #3, MEASURE M GENERAL OBLIGATION BONDS

On March 27, 2007, the electorate of Folsom Cordova Unified School District School Facilities Improvement District # 3 approved the \$750 million Measure M General Obligation Bonds, with greater than two-thirds or more of the votes in favor. The summarized text of the ballot language was as follows:

"To qualify for state funding and developer fees, construct elementary, middle, and high schools, libraries, computer labs, support facilities, acquire land, and purchase equipment and computer technology, shall the School Facilities Improvement District No. 3 of the Folsom Cordova Unified School District issue \$750 million in bonds at legal interest rates and appoint a citizens' oversight committee to monitor expenditures?"

All bond expenditures are subject to review by a Citizens' Oversight Committee which reports to the public.

The financial activity related to the Measure M General Obligation Bonds is recorded in Fund 27 (Building Fund) in the District's audited financial statements. Funds 22, 23 and 27 are combined to comprise Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2021.

In October 2007, the District issued current interest and capital appreciation General Obligation Bonds in an aggregate principal amount of \$24,998,630, maturing through October 2032, with interest rates from 4% to 5%. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

In October 2009, the District issued current interest and capital appreciation General Obligation Bonds in an aggregate principal amount of \$19,135,226, maturing through October 2035, with interest rates from 2% to 6.5%. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

In December 2016, the District issued \$10,000,000 of Election of 2007 General Obligation Bonds, Series C. The bond mature in varying amounts through October 2041 with interest rates from 3.00% to 5.25%. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

In July 2019, the District issued Election of 2007 General Obligation Bonds, Series D in an aggregate principal amount of \$150,000,000 maturing through October 2044, with interest rates from 4.0% to 5.0%. Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT #3
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSIONS

OBJECTIVES

The objective of our performance audit was to determine that the District expended SFID #3, Measure M General Obligation Bond funds for the year ended June 30, 2021 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of the published election materials specifying the intended use of Measure M General Obligation Bond proceeds.

SCOPE

The District provided to us a list of all SFID #3, Measure M General Obligation Bond project expenditures for the year ended June 30, 2021 (the "List"). A total of \$172,389 in expenditures and \$36,500,793 in transfers from July 1, 2020 through June 30, 2021 were identified.

METHODOLOGY

We performed the following procedures to the List of SFID #3, Measure M General Obligation Bond project expenditures for the year ended June 30, 2021:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2021, presented as the Building Fund.
- Selected a sample of expenditures and transfers totaling \$112,260 and \$19,000,000, respectively. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented 65% and 52% of the total expenditure and transfer value, respectively. Verified that the expenditures were for the approved projects and were to construct elementary, middle and high schools, libraries, computer labs, support facilities, acquire land, and purchase equipment and computer technology.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Folsom Cordova Unified School District expended Measure M General Obligation Bond funds for the year ended June 30, 2021 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure M General Obligation Bond proceeds.