

**FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
June 30, 2021

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
For the year ended June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Folsom Cordova Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Folsom Cordova 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Folsom Cordova Unified School District, as of June 30, 2021, 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.

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## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling \$1,626,450. Our opinions are 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 9 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 51 to 56 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 Folsom Cordova 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.

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### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 on our consideration of Folsom Cordova 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 the effectiveness of Folsom Cordova Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Folsom Cordova Unified School District's internal control over financial reporting and compliance.



Crowe LLP

Sacramento, California  
January 31, 2022

# Management Discussion & Analysis

The Management Discussion and Analysis Section of the audit is management's view of the District's financial condition and provides an opportunity to discuss important fiscal issues with the board and the public.

## Financial Reports

Two financial reports are included in the audit this year, the Statement of Net Position and the Statement of Activities, which begin on page 11. These two statements report the district-wide financial condition and activities. The individual fund statements which focus on reporting the District's operations in more detail begin on page 13.

## Overview of the Financial Statements

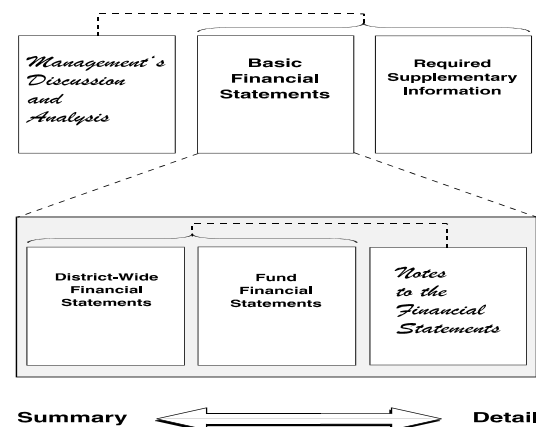
This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates *like businesses*, such as food services.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. 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. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-1. Organization of  
Folsom Cordova USD  
Annual Financial Report**





## **District-wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. Net position—the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements 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. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*—The District charges fees to help it cover the costs of certain services it provides. The District's student care center is included here.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices the District uses to keep track of 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 (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be 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 explains 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. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

### **Statement of Net Position**

Beginning in fiscal year 2001-2002, the District accounted for the value of capital assets and included these values as part of the financial statements. Listed below is the value of all assets including buildings, land and equipment. Depreciation is included.

	<b>Governmental Activities</b>		<b>Percentage</b>
	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>Change</u></b>
			<b><u>2020-2021</u></b>
Current and other assets	\$309,540,602	\$304,725,015	
Capital assets	<u>636,102,398</u>	<u>671,067,114</u>	
<b>Total assets</b>	945,643,000	\$975,792,129	3.19%
Deferred outflows of resources	78,588,664	67,537,995	-14.06%
Long-term debt outstanding	874,741,054	860,020,870	
Other liabilities	<u>14,485,550</u>	<u>37,430,584</u>	
<b>Total liabilities</b>	889,226,604	897,451,454	0.92%
Deferred inflows of resources	25,457,019	27,890,328	9.56%
Net investment in capital assets	254,706,995	268,224,529	
Restricted	81,947,562	96,710,022	
Unrestricted	<u>-237,350,276</u>	<u>-246,946,209</u>	
<b>Total net position</b>	\$99,304,281	117,988,342	18.81%

Land is accounted for at purchase value, not market value, and is not depreciated. Many of our school sites have low values for today's market because the District acquired the land many decades ago. We have determined the value of school buildings to be the depreciated cost of modernization unless the building is less than 25 years old. For newer buildings, the value is the construction cost less depreciation. Increases in assets and liabilities are due to construction of buildings and new bonds that have been issued.

**Statement of Activities****Governmental Activities**

	<b><u>2020</u></b>	<b><u>2021</u></b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$10,881,223	\$17,444,850
Operating Grants	58,673,239	68,286,906
Capital Grants and Contributions	-	8,492,606
General Revenues		
Property Taxes	95,230,137	95,860,220
Federal and State Aid	126,954,450	119,640,456
Other	4,861,103	4,008,185
Total Revenues	<u>\$296,600,152</u>	<u>\$313,733,223</u>
<b>Program Expenses</b>		
Instruction	166,706,641	177,281,105
Instruction Related Services	27,776,098	27,242,934
Pupil Services	28,739,546	26,737,661
Ancillary Services	3,349,470	3,203,279
Data Processing	3,345,355	3,511,791
General Administration	10,308,872	10,400,324
Plant Services	24,917,847	24,560,483
Interest	38,773,555	21,456,970
Other	1,412,215	1,372,652
Community Services	605	0
Enterprise activities	194,912	908,413
Total Expenses	<u>305,525,116</u>	<u>296,675,612</u>
Change in net position	(11,293,871)	17,057,611
Net Position – Beginning	<u>110,598,152</u>	<u>99,304,281</u>
Implementation of GASB 84		1,626,450
Net Position – Ending	<u>\$99,304,281</u>	<u>\$ 117,988,342</u>

### **Financial Condition of General Fund**

Folsom Cordova Unified School District is striving to maintain its solid financial condition. The following table summarizes operational fund financial statements:

	<b>General Fund</b>		<b>Percentage</b>
	<b>2020</b>	<b>2021</b>	<b><u>Change</u></b> <b><u>2020-2021</u></b>
Total Revenues	\$ 234,873,857	\$ 250,955,303	
Expenses	230,469,827	239,660,914	
Other financing sources	<u>(734,608)</u>	<u>(4,571,838)</u>	
Excess of revenues over expenses	\$ 3,669,422	\$6,722,551	83.2%

Future good financial performance will depend on management's ability to continue to control expenses, and to maintain current and generate new revenues.

### **Capital Assets**

At year-end, the District has invested \$57,045,983 in modernization and new construction from the following combined sources for 2020-21.

	<b>Governmental Activities</b>		<b>Percentage</b>
	<b>2020</b>	<b>2021</b>	<b><u>Change</u></b> <b><u>2020-2021</u></b>
Land	\$48,990,763	\$48,990,763	
Improvement of sites	37,280,394	37,280,394	
Buildings	671,353,885	732,625,660	
Equipment	56,015,754	64,644,235	
Work-in-process	<u>91,232,253</u>	<u>78,364,961</u>	
Total	\$904,873,050	\$961,906,013	6.30%

### **District Indebtedness**

At year-end, the District has incurred \$860,020,870 of long-term debt. Of that, \$507,229,073 is General Obligation Bonds secured by property tax increases voted on by local residents. In January 2016 the District issued Election of 2014 General Obligation Bonds, Series B in an aggregate principal amount of \$83,000,000. In February 2017, the District issued \$30,290,000 of 2017 General Obligation Crossover Refunding Bonds to refund a portion of the 2007 General Obligation Bonds, Series B and 2006 General Obligation Bonds, Series B and pay the costs of issuance.

	<b>Governmental Activities</b>		<b>Percentage</b>
	<b>2020</b>	<b>2021</b>	<b><u>Change</u></b> <b><u>2020-2021</u></b>
Compensated absences	\$1,311,594	\$1,544,996	
Certificates of participation	3,305,000	0	
General obligation bonds	609,381,426	603,805,211	
Capital lease	1,164,638	888,267	
Net pension liability	238,775,757	13,101,027	
Post-employment medical benefits	<u>20,802,639</u>	<u>13,101,027</u>	
Total	\$874,741,054	\$860,020,870	-1.68%

### **Budget to Actual Analysis**

The District develops its budget pursuant to the Governor's proposals. A comparison of the estimated General Fund Budget to Actual Revenues and Expenditures is as follows:

	<b>Estimated June 2021</b>	<b>Actual 2021</b>	<b>Percentage <u>Variance</u></b>
<b>Revenues</b>			
LCFF	\$184,806,787	\$184,732,050	
Federal Revenues	29,508,217	23,710,815	
State Revenues	34,792,240	40,349,823	
Local Revenues	<u>4,240,036</u>	<u>2,162,615</u>	
Total Revenues	\$253,347,281	\$250,955,303	0.94%
<b>Expenditures</b>			
Salaries & Benefits	\$183,176,960	\$189,321,137	
Books & Supplies	16,783,004	13,896,439	
Services & Other Operating	28,416,219	24,801,130	
Capital Outlay/Other Outgo	<u>13,736,230</u>	<u>11,642,208</u>	
Total Expenditures	\$242,112,413	\$239,660,914	1.01%

Total budgeted revenues were \$2,391,978 greater than actual revenues received. Total expenditures were \$2,451,499 lower than budgeted due to reduction of capital outlay and other services.

### **Factors Bearing on The District's Future**

COVID-19 continues to have perhaps the greatest impact on Folsom Cordova Unified School District since its inception. Some of the greatest impacts from COVID include enrollment and correspondingly average daily attendance (ADA) has dropped in FCUSD, staffing needs have gone unfilled, and supply orders have extended delays or go unfilled.

The staff of FCUSD should be commended for taking on the challenges and hardships from COVID to keep in-person instruction going and to provide the operational services to keep classrooms clean, home-to-school transportation running, and meals available to our students.

Fortunately, the state budget for the future year 2021-2022 and projected budget for 2022-2023 includes additional revenues to support the additional costs and needs related to COVID, but there is long term concerns about the loss of enrollment and ADA, possible economic factors of inflation, and the always looming issues of rising pension and health and welfare costs.

The District will continue to work with all stakeholders to chart the course for the future to continue to ensure that the educational product and support systems for the students of FCUSD are met.

### **Contacting the District's Financial Management**

If you have questions regarding this report or need additional financial information, contact Linda Thurlo, Director of Fiscal Services, (916) 294-9000, ext. 104310.

## **BASIC FINANCIAL STATEMENTS**

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2021

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments (Note 2)	\$ 263,876,283	\$ 1,598,624	\$ 265,474,907
Receivables	41,618,933	5,158	41,624,091
Prepaid expenses	-	2,177	2,177
Other current asset	55,727	-	55,727
Interagency balances (Note 3)	(825,928)	825,928	-
Non-depreciable capital assets (Note 4)	127,355,724	-	127,355,724
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>543,711,390</u>	<u>-</u>	<u>543,711,390</u>
Total assets	<u>975,792,129</u>	<u>2,431,887</u>	<u>978,224,016</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources - pensions (Notes 7 and 8)	60,751,647	502,370	61,254,017
Deferred outflows of resources - OPEB	990,316	-	990,316
Deferred loss from refunding of debt	<u>5,796,032</u>	<u>-</u>	<u>5,796,032</u>
Total deferred outflows of resources	<u>67,537,995</u>	<u>502,370</u>	<u>68,040,365</u>
<b>LIABILITIES</b>			
Accounts payable	33,572,981	60,329	33,633,310
Unearned revenue	3,857,603	-	3,857,603
Long-term liabilities (Note 5):			
Due within one year	19,514,894	-	19,514,894
Due after one year	<u>840,505,976</u>	<u>2,614,631</u>	<u>843,120,607</u>
Total liabilities	<u>897,451,454</u>	<u>2,674,960</u>	<u>900,126,414</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions (Notes 7 and 8)	19,847,618	154,382	20,002,000
Deferred inflows of resources - OPEB	<u>8,042,710</u>	<u>-</u>	<u>8,042,710</u>
Total deferred inflows of resources	<u>27,890,328</u>	<u>154,382</u>	<u>28,044,710</u>
<b>NET POSITION</b>			
Net investment in capital assets	268,224,529	-	268,224,529
Restricted:			
Legally restricted programs	16,854,541	-	16,854,541
Capital projects	50,569,342	-	50,569,342
Debt service	29,286,139	-	29,286,139
Unrestricted	<u>(246,946,209)</u>	<u>104,915</u>	<u>(246,841,294)</u>
Total net position	<u>\$ 117,988,342</u>	<u>\$ 104,915</u>	<u>\$ 118,093,257</u>

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:	Expenses						
Instruction	\$ 177,281,105	\$ 2,220,231	\$ 50,920,700	\$ 8,492,606	\$ (115,647,568)	\$ -	\$ (115,647,568)
Instruction-related services:							
Supervision of instruction	8,074,030	15,277	2,636,382	-	(5,422,371)	-	(5,422,371)
Instructional library, media and technology	1,288,409	179	153,633	-	(1,134,597)	-	(1,134,597)
School site administration	17,880,495	42,866	2,567,688	-	(15,269,941)	-	(15,269,941)
Pupil services:							
Home-to-school transportation	5,636,082	-	26,222	-	(5,609,860)	-	(5,609,860)
Food services	3,591,661	24,352	1,476,357	-	(2,090,952)	-	(2,090,952)
All other pupil services	17,509,918	517,070	5,096,483	-	(11,896,365)	-	(11,896,365)
General administration:							
Data processing	3,511,791	-	20,223	-	(3,491,568)	-	(3,491,568)
All other general administration	10,400,324	60,448	1,837,242	-	(8,502,634)	-	(8,502,634)
Plant services	24,560,483	17,484	1,525,074	-	(23,017,925)	-	(23,017,925)
Ancillary services	3,203,279	1,090,548	1,192,316	-	(920,415)	-	(920,415)
Community services	-	-	-	-	-	-	-
Enterprise activities	908,413	-	-	-	(908,413)	-	(908,413)
Interest on long-term liabilities	21,456,970	-	-	-	(21,456,970)	-	(21,456,970)
Other outgo	1,372,652	13,456,395	834,586	-	12,918,329	-	12,918,329
Total governmental activities	296,675,612	17,444,850	68,286,906	8,492,606	(202,451,250)	-	(202,451,250)
Business-type activities:							
Enterprise activities	1,935,703	224,693	-	-	-	(1,711,010)	(1,711,010)
Total governmental and business-type activities	\$ 298,611,315	\$ 17,669,543	\$ 68,286,906	\$ 8,492,606	(202,451,250)	(1,711,010)	(204,162,260)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					66,120,596	-	66,120,596
Taxes levied for debt service					29,082,455	-	29,082,455
Taxes levied for other specific purposes					657,169	-	657,169
Federal and state aid not restricted to specific purposes					119,640,456	-	119,640,456
Interest and investment earnings					1,715,433	-	1,715,433
Miscellaneous					3,515,750	-	3,515,750
Internal transfers					(1,222,998)	1,222,998	-
Total general revenues					219,508,861	1,222,998	220,731,859
Change in net position					17,057,611	(488,012)	16,569,599
Net position, July 1, 2020					99,304,281	592,927	99,897,208
Cumulative effect of GASB 84 implementation					1,626,450	-	1,626,450
Net Position, July 1, 2020, as restated					100,930,731	592,927	101,523,658
Net position, June 30, 2021					\$ 117,988,342	\$ 104,915	\$ 118,093,257

See accompanying notes to financial statements.



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments:							
Cash in County Treasury	\$ 34,466,639	\$ 32,222,687	\$ 40,207,352	\$ (1,155,100)	\$ 27,100,789	\$ 13,985,561	\$ 146,827,928
Cash on hand and in banks	224,586	-	426,875	-	-	1,230,208	1,881,669
Cash in revolving fund	75,000	-	-	-	-	10,000	85,000
Cash with Fiscal agent	5,823,610	107,128,453	-	-	-	-	112,952,063
Investments	-	-	-	-	2,129,623	-	2,129,623
Receivables	40,018,051	266,193	92,157	1,891	-	1,240,641	41,618,933
Due from other funds	356,900	1,910	-	9,151,424	-	407,070	9,917,304
Other current assets	-	-	-	-	55,727	-	55,727
Total assets	<u>\$ 80,964,786</u>	<u>\$ 139,619,243</u>	<u>\$ 40,726,384</u>	<u>\$ 7,998,215</u>	<u>\$ 29,286,139</u>	<u>\$ 16,873,480</u>	<u>\$ 315,468,247</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 19,670,139	\$ 231,767	\$ 38,747	\$ 7,996,324	\$ -	\$ 597,151	\$ 28,534,128
Unearned revenue	3,242,581	-	-	-	-	615,022	3,857,603
Due to other funds	<u>1,231,747</u>	<u>9,150,793</u>	<u>1,902</u>	<u>1,891</u>	<u>-</u>	<u>356,899</u>	<u>10,743,232</u>
Total liabilities	<u>24,144,467</u>	<u>9,382,560</u>	<u>40,649</u>	<u>7,998,215</u>	<u>-</u>	<u>1,569,072</u>	<u>43,134,963</u>
Fund balances:							
Nonspendable	75,000	-	-	-	-	10,000	85,000
Restricted	11,433,740	130,236,683	40,685,735	-	29,286,139	15,294,408	226,936,705
Committed	5,823,610	-	-	-	-	-	5,823,610
Assigned	32,037,969	-	-	-	-	-	32,037,969
Unassigned	<u>7,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,450,000</u>
Total fund balances	<u>56,820,319</u>	<u>130,236,683</u>	<u>40,685,735</u>	<u>-</u>	<u>29,286,139</u>	<u>15,304,408</u>	<u>272,333,284</u>
Total liabilities and fund balances	<u>\$ 80,964,786</u>	<u>\$ 139,619,243</u>	<u>\$ 40,726,384</u>	<u>\$ 7,998,215</u>	<u>\$ 29,286,139</u>	<u>\$ 16,873,480</u>	<u>\$ 315,468,247</u>

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
For the year ended June 30, 2021

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Total fund balances - Governmental Funds	\$ 272,333,284
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$961,906,013 and the accumulated depreciation is \$290,838,899 (Note 4).

	671,067,114
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2021 consisted of (Note 5):

General Obligation Bonds	\$ (507,229,073)	
Unamortized premium	(30,757,960)	
Accreted interest	(65,818,178)	
Capitalized lease obligation	(888,267)	
Net OPEB liability (Note 9)	(13,101,027)	
Net pension liability (Notes 7 and 8)	(240,681,369)	
Compensated absences	<u>(1,544,996)</u>	
		(860,020,870)

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.

	5,796,032
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In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7, 8 and 9).

Deferred outflows of resources relating to pensions	\$ 60,751,647	
Deferred outflows of resources relating to OPEB	990,316	
Deferred inflows of resources relating to OPEB	(8,042,710)	
Deferred inflows of resources relating to pensions	<u>(19,847,618)</u>	
		33,851,635

Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.

	<u>(5,038,853)</u>
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Total net position - governmental activities	<u><u>\$ 117,988,342</u></u>
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See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCES GOVERNMENTAL FUNDS  
For the year ended June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:							
Local Control Funding							
Formula (LCFF):							
State apportionment	\$ 114,913,560	\$ -	\$ -	\$ -	\$ -	\$ 647,743	\$ 115,561,303
Local sources	69,818,490	-	-	-	-	1,136,473	70,954,963
Total LCFF	184,732,050	-	-	-	-	1,784,216	186,516,266
Federal sources	23,710,815	-	-	-	-	1,821,464	25,532,279
Other state sources	40,349,823	-	36	8,492,606	162,442	2,980,646	51,985,553
Other local sources	2,162,615	1,025,583	18,262,160	-	29,399,513	1,648,336	52,498,207
Total revenues	250,955,303	1,025,583	18,262,196	8,492,606	29,561,955	8,234,662	316,532,305
Expenditures:							
Current:							
Certificated salaries	101,814,562	-	220	-	-	2,843,757	104,658,539
Classified salaries	35,918,104	-	482,360	-	-	3,142,219	39,542,683
Employee benefits	51,588,471	-	178,225	-	-	2,152,645	53,919,341
Books and supplies	13,896,439	1,093	11,755	-	-	1,325,958	15,235,245
Contract services and							
operating expenditures	24,801,130	1,322,514	55,485	-	-	2,865,391	29,044,520
Other outgo	1,372,652	-	-	-	-	-	1,372,652
Capital outlay	9,948,370	7,865,260	234,606	36,500,793	-	963,827	55,512,856
Debt service:							
Principal retirement	280,391	-	3,299,006	-	9,628,626	1,974	13,209,997
Interest	40,795	-	164,495	-	23,418,733	98	23,624,121
Total expenditures	239,660,914	9,188,867	4,426,152	36,500,793	33,047,359	13,295,869	336,119,954
Excess (deficiency) of revenues over (under) expenditures	11,294,389	(8,163,284)	13,836,044	(28,008,187)	(3,485,404)	(5,061,207)	(19,587,649)
Other financing sources (uses):							
Transfers in	210,490	8,492,606	2,930	36,500,793	-	3,556,400	48,763,219
Transfers out	(4,782,328)	(36,500,793)	-	(8,492,606)	-	(210,490)	(49,986,217)
Other financing sources	-	31,165,000	-	-	-	-	31,165,000
Repayment to escrow	-	(31,108,670)	-	-	-	-	(31,108,670)
Premium from the issuance of debt	-	1,079,043	-	-	-	-	1,079,043
Total other financing sources (uses)	(4,571,838)	(26,872,814)	2,930	28,008,187	-	3,345,910	(87,625)
Net change in fund balances	6,722,551	(35,036,098)	13,838,974	-	(3,485,404)	(1,715,297)	(19,675,274)
Fund balances, July 1, 2020	50,097,768	165,272,781	26,846,761	-	32,771,543	15,393,255	290,382,108
Cumulative effect of GASB 84 implementation	-	-	-	-	-	1,626,450	1,626,450
Fund balance, July 1, 2020, as restated	50,097,768	165,272,781	26,846,761	-	32,771,543	17,019,705	292,008,558
Fund balances, June 30, 2021	\$ 56,820,319	\$ 130,236,683	\$ 40,685,735	\$ -	\$ 29,286,139	\$ 15,304,408	\$ 272,333,284

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the year ended June 30, 2021

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Net change in fund balances - Total Governmental Funds		\$ (19,675,274)
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).	\$ 57,045,963	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(22,081,247)	
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 5).	(31,165,000)	
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.	2,371,312	
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 5).	13,209,997	
Payments made to the refunding escrow is an other financing use in governmental funds, but decreases the the long-term liabilities in the statement of net position (Note 5).	27,240,000	
Debt issue premiums are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 5).	1,932,607	
Accretion of interest is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 5).	(2,060,018)	
Other postemployment benefits (OPEB) costs are recognized when employer contributions are made in the governmental net position (Notes 5 and 9).	915,624	
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	531,963	
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8):	(10,974,914)	
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 (Note 5).	(233,402)	36,732,885
Change in net position of governmental activities		<u>\$ 17,057,611</u>

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See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION -  
PROPRIETARY FUND  
STUDENT CARE CENTER FUND  
June 30, 2021

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**ASSETS**

Current assets:

Cash in County Treasury (Note 2)	\$ 1,559,471
Cash in Bank	39,153
Receivables	5,158
Due from other funds	828,000
Other assets	<u>2,177</u>

Total current assets	<u>2,433,959</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - pensions (Notes 7 and 8)	<u>502,370</u>
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**LIABILITIES**

Current liabilities:

Accounts payable	60,329
Due to other funds	<u>2,072</u>

Total current liabilities	<u>62,401</u>
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Net pension liability - long-term (Notes 7 and 8)	<u>2,614,631</u>
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Total liabilities	<u>2,677,032</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - pensions (Notes 7 and 8)	<u>154,382</u>
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**NET POSITION**

Unrestricted	<u>\$ 104,915</u>
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See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
PROPRIETARY FUND  
STUDENT CARE CENTER FUND  
For the Year Ended June 30, 2021

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Operating revenues:	
Children Center fees	\$ 222,517
Other local revenues	<u>2,176</u>
Total operating revenues	<u>224,693</u>
Operating expenses:	
Classified salaries	1,243,268
Employee benefits	659,666
Books and supplies	14,175
Contract services and operating expenses	<u>18,594</u>
Total operating expense	<u>1,935,703</u>
Operating loss	(1,711,010)
Transfers from other funds	1,228,000
Transfers to other funds	<u>(5,002)</u>
Change in net position	(488,012)
Net position, July 1, 2020	<u>592,927</u>
Net position, June 30, 2021	<u>\$ 104,915</u>

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See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
STUDENT CARE CENTER FUND  
For the year ended June 30, 2021

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**Cash flows from operating activities:**

Cash received for children center fees	\$ 238,457
Cash received for other activities	2,176
Cash paid for operating expenses	(32,769)
Cash paid for employee benefits	<u>(1,665,731)</u>

Net cash used in operating activities (1,457,867)

**Cash flows provided by noncapital financing activities:**

Transfer to/from other funds 360,649

Change in cash and investments (1,097,218)

Cash and investments, July 1, 2020 2,695,842

**Cash and investments, June 30, 2021** \$ 1,598,624

Reconciliation of operating loss to net cash  
used in operating activities:

Operating loss \$ (1,711,010)

Adjustments to reconcile operating loss to net cash  
used in operating activities:

Decrease in:

Receivables 15,940

Deferred outflows of resources 95,146

(Decrease) increase in:

Accounts payable 58,992

Net pension liability 86,388

Deferred inflows of resources (3,323)

Total adjustments 253,143

Net cash used in operating activities \$ (1,457,867)

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See accompanying notes to financial statements.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Folsom Cordova 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 and Folsom Cordova Schools Financing Corporation (the "Corporation") have a financial and operational relationship which meets the reporting entity definition criteria of *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

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

### **A - Accountability:**

1. The Corporation's Board of Directors was appointed by the District's Board of Education.
2. The Corporation has no employees. The District's Superintendent function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity.
3. The District exercises significant influence over operations of the Corporation as the District is the sole lessee of all facilities owned by the Corporation.
4. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
5. Any deficits incurred by the Corporation will be reflected in the lease payments of the District. Any surpluses of the Corporation revert to the District at the end of the lease period.
6. The District's lease payments are the sole revenue source of the Corporation.
7. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

### **B - Scope of Public Service:**

The Corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California. The Corporation was formed to provide financing assistance to the District for construction and acquisition of major capital facilities through the issuance of Certificates of Participation. The source of repayment for the Certificates of Participation is the fees collected through the District's developer fees. When the Corporation's Certificates of Participation have been completely paid off, title to all Corporation property will pass to the District for no additional consideration.

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(Continued)



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C - Financial Presentation:**

For financial presentation purposes, the Corporation's financial activity has been blended with the financial data of the District. The financial statements present the Corporation's financial activity in the Capital Facilities Funds. Certificates of Participation issued by the Corporation are included as liabilities in the Statement of Net Position.

Basis of Presentation - Financial Statements: The financial statements include a Management Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole.

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 each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures, 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**

*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.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*Building Fund* - The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities and equipment.

*Capital Facilities Fund* – The Capital Facilities Fund is used to account for resources used for the acquisition or construction of major capital facilities and equipment.

*County School Facilities Fund* – The County School Facilities Fund is used to account for resources used for the acquisition or construction of major capital facilities and equipment.

*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 repayment of, general long-term debt principal, interest, and related costs.

**B - Other Funds**

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

Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This classification includes the Special Reserve for Capital Outlay Projects Funds.

The Student Care Center is an enterprise fund which accounts for child care services that are financed and operated in a manner similar to a private business enterprise with the objective of providing child care services on a continuing basis with costs partially financed or recovered through user charges.

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

*Accrual* - Both governmental and business-type 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 needed as of June 30, 2021.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 4 - 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 of debt, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position includes 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. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 47,075,695	\$ 14,178,322	\$ 61,254,017
Deferred inflows of resources	\$ 19,281,000	\$ 721,000	\$ 20,002,000
Net pension liability	\$ 165,220,000	\$ 78,076,000	\$ 243,296,000
Pension expense	\$ 33,923,904	\$ 13,655,614	\$ 47,579,518

The District has allocated 3.0 percent of the District's proportionate share of the PERF B net pension liability and related deferred inflows of resources and outflows of resources to the District's business-type activities.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Compensated Absences: Compensated absences totaling \$1,544,996 are recorded as a liability of the District.

Accumulated Sick Leave: Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure 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 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.

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.

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 appropriate 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 capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first 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".

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

A - Nonspendable Fund Balance - The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash 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 proprietary fund statements.

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

D - Assigned Fund Balance - The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2021, 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, 2021, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions in GASB Statement No. 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB Statement No. 84, the District restated its beginning net position of governmental activities as well as the aggregate remaining fund information beginning fund balance for a total of \$1,626,450.

**NOTE 2 - CASH AND INVESTMENTS**

Cash and investments at June 30, 2021 consisted of the following:

	Governmental Activities	Business- Type Activities
Pooled Funds:		
Cash in County Treasury	\$ 146,827,928	\$ 1,559,471
Deposits:		
Cash on hand and in banks	1,881,669	39,153
Cash in revolving fund	85,000	-
Cash with fiscal agent	112,952,063	-
Investments	<u>2,129,623</u>	<u>-</u>
Total	<u>\$ 263,876,283</u>	<u>\$ 1,598,624</u>

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 an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's prorate 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, 2021, the carrying amount of the District's accounts were \$2,005,822, and the bank balances were \$2,027,761, of which \$500,000 was insured.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Cash with Fiscal Agent: Cash with Fiscal Agent in the General Fund represents funds held for future pension costs. These amounts are held in trust administered by the Public Agency Retirement Services ("PARS") and have been recorded on the amortized cost basis.

Cash with Fiscal Agent in the Building Fund 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.

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, 2021, 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, 2021, the District had no concentration of credit risk.

**NOTE 3 - INTERFUND TRANSACTIONS**

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2021 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General	\$ 356,900	\$ 1,231,747
Building	1,910	9,150,793
Capital Facilities	-	1,902
County School Facilities	9,151,424	1,891
Non-Major Governmental Funds:		
Charter School	31,948	267,818
Child Development	2,072	68,381
Cafeteria	-	20,700
Deferred Maintenance	363,371	-
Special Reserve for Capital Outlay Projects	9,679	-
Proprietary Fund:		
Student Care Center	828,000	2,072
Totals	<u>\$ 10,745,304</u>	<u>\$ 10,745,304</u>

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 3 - INTERFUND TRANSACTIONS** (Continued)

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

Interfund transfers for the 2020-2021 fiscal year were as follows:

Transfer from the County School Facilities Fund to the Building Fund for OPSC funds for Carl Sundahl Elementary.	\$ 8,492,606
Transfer from the Building Fund to the County School Facilities Fund for costs related to Mangini Ranch and Folsom Ranch.	36,500,793
Transfer from the Child Development Fund to the General Fund for indirect costs.	68,381
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	142,109
Transfer from the General Fund to the Charter School Fund to support programs.	2,404,328
Transfer from the General Fund to the Deferred Maintenance Fund for deferred maintenance contribution.	950,000
Transfer from the General Fund to the Special Reserve for Capital Projects Fund for year end transfer.	200,000
Transfer from the Student Care Center Fund to the Child Development Fund for Ranch building loan.	2,072
Transfer from the Student Care Center Fund to the Capital Facilities Fund for Russell Ranch.	2,930
Transfer from the General Fund to the Student Care Fund to support programs.	<u>1,228,000</u>
	<u>\$ 49,991,219</u>

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(Continued)



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 4 - CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance July 1, <u>2020</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2021</u>
Non-depreciable:				
Land	\$ 48,990,763	\$ -	\$ -	\$ 48,990,763
Work-in-process	91,232,253	43,189,349	(56,056,641)	78,364,961
Depreciable:				
Improvement of sites	37,280,394	-	-	37,280,394
Buildings	671,353,885	61,284,775	(13,000)	732,625,660
Equipment	<u>56,015,755</u>	<u>8,628,480</u>	<u>-</u>	<u>64,644,235</u>
Totals, at cost	<u>904,873,050</u>	<u>113,102,604</u>	<u>(56,069,641)</u>	<u>961,906,013</u>
Less accumulated depreciation:				
Improvement of sites	(31,548,805)	(1,646,466)	-	(33,195,271)
Buildings	(226,123,531)	(17,713,580)	13,000	(243,824,111)
Equipment	<u>(11,098,316)</u>	<u>(2,721,201)</u>	<u>-</u>	<u>(13,819,517)</u>
Total accumulated depreciation	<u>(268,770,652)</u>	<u>(22,081,247)</u>	<u>13,000</u>	<u>(290,838,899)</u>
Governmental activities capital assets, net	<u>\$ 636,102,398</u>	<u>\$ 91,021,357</u>	<u>\$ (56,056,641)</u>	<u>\$ 671,067,114</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 20,924,597
Supervision of instruction	260,244
Instructional library, media and technology	49,721
School site administration	66,267
Home-to-school transportation	264,632
Food services	68,432
All other pupil services	1,842
Ancillary services	2,308
Enterprise activities	890
All other general administration	229,183
Data processing	166,459
Plant services	<u>46,672</u>
Total depreciation expense	<u>\$ 22,081,247</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 5 - LONG-TERM LIABILITIES**

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2021 follows:

<u>Series</u>	<u>Interest Rate %</u>	<u>Original Maturity</u>	<u>Balance July 1, 2020</u>	<u>Current Year Issuance</u>	<u>Current Year Matured</u>	<u>Balance June 30, 2021</u>
1998 Series A	4.30% - 5.35%	2023	\$ 926,787	\$ -	\$ 320,249	\$ 606,538
2002 Series A	3.00% - 5.73%	2028	11,129,170	-	1,595,115	9,534,055
2002 Series B	2.50% - 5.56%	2030	6,233,849	-	-	6,233,849
2007 Series A	4.00% - 5.00%	2033	31,986,913	-	1,229,320	30,757,593
2007 Series B	2.00% - 6.50%	2036	9,645,980	-	313,942	9,332,038
2012 Series A	4.00% - 5.00%	2039	20,880,000	-	20,880,000	-
2014 GO Refunding	2.75% - 5.00%	2030	15,530,000	-	8,935,000	6,595,000
2012 Series B	3.25% - 5.00%	2041	27,630,000	-	355,000	27,275,000
2015 GO Refunding	2.00% - 5.00%	2023	7,515,000	-	2,220,000	5,295,000
2014 GO Refunding	2.00% - 5.00%	2041	28,095,000	-	225,000	27,870,000
2017 GO Refunding	2.50% - 5.00%	2036	30,290,000	-	360,000	29,930,000
2014 Series B	1.50% - 5.00%	2042	80,020,000	-	425,000	79,595,000
2014 Series C	3.5% - 5.0%	2044	93,050,000	-	10,000	93,040,000
2007 Series D	4.0% - 5.0%	2045	150,000,000	-	-	150,000,000
2020A Refunding	2.00%	2030	-	7,150,000	-	7,150,000
2020B Refunding	2.05-3.00%	2039	-	24,015,000	-	24,015,000
			<u>\$ 512,932,699</u>	<u>\$ 31,165,000</u>	<u>\$ 36,868,626</u>	<u>\$ 507,229,073</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 11,655,550	\$ 18,417,417	\$ 30,072,967
2023	13,296,746	24,414,301	37,711,047
2024	11,456,429	26,893,075	38,349,504
2025	12,403,169	25,830,609	38,233,778
2026	11,939,929	31,845,400	43,785,329
2027-2031	69,582,378	130,990,562	200,572,940
2032-2036	92,879,872	104,760,608	197,640,480
2037-2041	152,075,000	44,101,548	196,176,548
2042-2045	<u>131,940,000</u>	<u>9,604,350</u>	<u>141,544,350</u>
	<u>\$ 507,229,073</u>	<u>\$ 416,857,870</u>	<u>\$ 924,086,943</u>

In April 1998, the District issued Election of 1997 General Obligation Bonds, Series A, current interest and capital appreciation bonds in an aggregate principal amount of \$10,396,455, maturing through October 2022, with interest rates from 4.30% to 5.35%.

In July 2002, the District issued Election of 2002 General Obligation Bonds, Series A, current interest and capital appreciation bonds in an aggregate principal amount of \$54,992,172, maturing through July 2027, with interest rates from 3.00% to 5.73%. With the issuance of the 2014 General Obligation Refunding Bonds in January 2014, \$12,525,000 of the 2002 General Obligation Bonds current interest bonds were refunded.

In December 2004, the District issued Election of 2002, General Obligation Bonds, Series B current interest and capital appreciation bonds in an aggregate principal amount of \$46,998,849, maturing through October 2029, with interest rates from 2.50% to 5.56%. With the issuance of the 2014 General Obligation Refunding Bonds in January 2014, \$28,200,000 of the 2002 General Obligation Bonds current interest bonds were refunded.

In October 2007, the District issued Election of 2007 General Obligation Bonds, Series A and Election of 2006, General Obligation Bonds, Series A current interest and capital appreciation bonds in an aggregate principal amount of \$64,993,835 maturing through October 2032, with interest rates from 4% to 5%.

In October 2009, the District issued Election of 2007 General Obligation Bonds, Series B and Election of 2006, General Obligation Bonds, Series B current interest and capital appreciation bonds in an aggregate principal amount of \$44,138,852 maturing through October 2035, with interest rates from 2.00% to 6.50%. With the issuance of the 2017 General Obligation Refunding Bonds, Series A and B in January 2017, \$8,585,000 and \$22,165,000 of the Series A and Series B, respectively, current interest bonds were refunded on a crossover basis. Refunded bonds will be paid off by October 1, 2021.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

In January 2014, the District issued Election of 2012 General Obligation Bonds, Series A in an aggregate principal amount of \$25,000,000 maturing through October 2038, with interest rates from 4.00% to 5.00%.

In January 2014, the District issued 2014 General Obligation Refunding Bonds to refund a portion of the 2002 General Obligation Bonds, Series A and Series B and pay the costs of issuance. The Refunding Bonds of \$38,535,000 mature through October 2029, with interest rates from 2.75% to 5.00%.

In July 2015, the District issued Election of 2012 General Obligation Bonds, Series B in an aggregate principal amount of \$30,000,000 maturing through October 2040, with interest rates from 3.25% to 5.00%.

In July 2015, the District issued 2015 General Obligation Refunding Bonds to refund a portion of the 2006 General Obligation Bonds, Series A and pay the costs of issuance. The Refunding Bonds of \$11,430,000 mature through October 2022, with interest rates from 2.0% to 5.0%.

In July 2015, the District issued Election of 2014 General Obligation Bonds, Series A in an aggregate principal amount of \$40,000,000 maturing through October 2040, with interest rates from 2.0% to 5.0%.

In February 2017, the District issued 2017 General Obligation Crossover Refunding Bonds to refund a portion of the 2007 General Obligation Bonds, Series B and 2006 General Obligation Bonds, Series B and pay the costs of issuance. The Refunding Bonds of \$30,290,000 mature through October 2035, with interest rates from 2.5% to 5.0%.

In January 2016, the District issued Election of 2014 General Obligation Bonds, Series B in an aggregate principal amount of \$83,000,000 maturing through October 2041, with interest rates from 1.50% to 5.00%.

In April 2018, the District issued Election of 2014 General Obligation Bonds, Series C in an aggregate principal amount of \$95,000,000 maturing through October 2043, with interest rates from 3.5% to 5.0%.

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%.

In October 2020, the District issued 2020 General Obligation Refunding Bonds, Series A to refund a portion of the 2014 General Obligation Refunding Bonds and pay the costs of issuance. The Refunding Bonds of \$7,150,000 mature through October 2029, with interest rate of 2.0%.

In October 2020, the District issued 2020 General Obligation Refunding Bonds, Series B to refund the remaining Election of 2012 General Obligation Bonds, Series A and pay the costs of issuance. The Refunding Bonds of \$24,015,000 mature through October 2038, with interest rates from 2.050% to 3.000%.

*Calculation of Difference in Cash Flow Requirements and Economic Gain:*

	<u>Series A</u>	<u>Series B</u>	<u>Total</u>
Old debt service cash flows	\$ 8,493,250	\$ 34,151,950	\$ 42,645,200
New debt service cash flows	<u>8,034,508</u>	<u>31,414,665</u>	<u>39,449,173</u>
	<u>\$ 458,742</u>	<u>\$ 2,737,285</u>	<u>\$ 3,196,027</u>

Economic Gain: The economic gain or difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate for Series A and Series B is \$410,660 and \$2,215,845, respectively.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 5 - LONG-TERM LIABILITIES (Continued)**

Capital Lease: The District has entered into capital lease agreements for the acquisition of school busses and electronic equipment totaling \$5,566,447. At June 30, 2021, the accumulated depreciation related to these assets totaled \$4,769,263. The following is a schedule of the future payments for the capital lease:

Year Ending June 30,	Payments
2022	\$ 316,965
2023	316,965
2024	<u>316,965</u>
	950,895
Less amount representing interest	<u>(62,628)</u>
	<u>\$ 888,267</u>

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021 is shown below:

<u>Governmental Activities:</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
<u>Debt</u>					
Certificates of Participation	\$ 3,305,000	\$ -	\$ 3,305,000	\$ -	\$ -
General Obligation Bonds	512,932,699	31,165,000	36,868,626	507,229,073	11,655,550
Unamortized premium	32,690,567	1,079,043	3,011,650	30,757,960	1,323,893
Accreted interest on General Obligation Bonds	63,758,160	6,631,392	4,571,374	65,818,178	4,704,451
Capitalized lease obligation	1,164,638	-	276,371	888,267	286,004
<u>Other Long-Term Liabilities:</u>					
Net OPEB liability (Note 9)	20,802,639	-	7,701,612	13,101,027	-
Net pension liability (Notes 7 and 8)	238,775,757	1,905,612	-	240,681,369	-
Compensated absences	1,311,594	233,402	-	1,544,996	1,544,996
Totals	<u>\$ 874,741,054</u>	<u>\$ 41,014,449</u>	<u>\$ 55,734,633</u>	<u>\$ 860,020,870</u>	<u>\$ 19,514,894</u>
<u>Business-Type Activities:</u>					
	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Net pension liability (Notes 7 and 8)	<u>\$ 2,528,243</u>	<u>\$ 86,388</u>	<u>\$ -</u>	<u>\$ 2,614,631</u>	<u>\$ -</u>

Payments on the Certificates of Participation are made from the Capital Facilities Fund and the General Fund. Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the capitalized lease obligations are made from the General and Child Development Funds. Payments on the other postemployment benefits, net pension liability and compensated absences are made from the Fund for which the related employee worked.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 6 - FUND BALANCES**

Fund balances, by category, at June 30, 2021 consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:							
Revolving cash fund	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 85,000
Restricted:							
Legally restricted programs:							
Grants	11,433,740	-	-	-	-	-	11,433,740
Cafeteria	-	-	-	-	-	829,319	829,319
Adult education	-	-	-	-	-	1,231,627	1,231,627
Deferred maintenance	-	-	-	-	-	1,555,806	1,555,806
Other legally restricted programs	-	-	-	-	-	1,794,049	1,794,049
Capital projects	-	130,236,683	40,685,735	-	-	9,883,607	180,806,025
Debt service	-	-	-	-	29,286,139	-	29,286,139
Subtotal restricted	11,433,740	130,236,683	40,685,735	-	29,286,139	15,294,408	226,936,705
Committed:							
Pension funds	5,823,610	-	-	-	-	-	5,823,610
Assigned:							
Career technical education	939,230	-	-	-	-	-	939,230
Projected school site	925,019	-	-	-	-	-	925,019
Intel donations	974,811	-	-	-	-	-	974,811
Special education	1,504,664	-	-	-	-	-	1,504,664
Technology	1,300,000	-	-	-	-	-	1,300,000
2021-22 and 2022-23 expenditures	15,839,919	-	-	-	-	-	15,839,919
Buses	2,925,114	-	-	-	-	-	2,925,114
Supplemental funds	7,389,212	-	-	-	-	-	7,389,212
School startup	240,000	-	-	-	-	-	240,000
Subtotal assigned	32,037,969	-	-	-	-	-	32,037,969
Unassigned:							
Designated for economic uncertainty	7,450,000	-	-	-	-	-	7,450,000
Total fund balances	\$ 56,820,319	\$ 130,236,683	\$ 40,685,735	\$ -	\$ 29,286,139	\$ 15,304,408	\$ 272,333,284

(Continued)

## **NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN**

### *General Information about the State Teachers' Retirement Plan*

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com/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, up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to 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 36 consecutive months of credited service.

#### *CalSTRS 2% at 62*

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

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

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(Continued)

**NOTE 7 – 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.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2021–21, respectively. The remaining portion of the contribution, approximately \$1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned \$1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95 percent less than the statutory rate for fiscal year 2020–21 and 2.18 percent less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019–20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84.

In addition, the board's rate-setting authority for the state contribution rate was suspended for fiscal year 2020–21 by AB 84. Although the board exercised its authority in May 2020 to increase the state contribution rate by 0.50 percent effective July 1, 2020, the rate increase did not go into effect. Instead, the state rate remained at the 2019–20 level of 7.828 percent.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and AB 84, are as follows:

*Members* - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-2021.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-2021. 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, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

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(Continued)



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

*Employers* – 16.15 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469, required that employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation gave 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.

The CalSTRS employer contribution rates effective for fiscal year 2020-2021 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Rate Adjustment Per Special Legislation</u>	<u>Total</u>
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47		

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

The District contributed \$16,638,695 to the plan for the fiscal year ended June 30, 2021.

*State* – 10.328 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045-46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

The CalSTRS state contribution rates effective for fiscal year 2020-21 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding<sup>(1)</sup></u>	<u>Total</u>
July 01, 2020	2.017%	5.811%	2.50%	10.328%
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the \$72 million that is reduced from the required contribution in accordance with Education Code section 22954. .

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

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

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

At June 30, 2021, 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	\$ 165,220,000
State's proportionate share of the net pension liability associated with the District	<u>90,292,000</u>
Total	<u>\$ 255,512,000</u>

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the District's proportion was 0.170 percent, which was a decrease of 0.014 percent from its proportion measured as of June 30, 2019.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$33,923,904 and revenue of \$11,978,627 for support provided by the State. At June 30, 2021, 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	\$ 292,000	\$ 4,659,000
Changes of assumptions	16,111,000	-
Net differences between projected and actual earnings on investments	3,925,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	10,109,000	14,622,000
Contributions made subsequent to measurement date	16,638,695	-
Total	<u>\$ 47,075,695</u>	<u>\$ 19,281,000</u>

\$16,638,695 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 1,315,533
2023	\$ 6,318,533
2024	\$ 5,694,533
2025	\$ 1,561,533
2026	\$ (2,131,466)
2027	\$ (1,602,666)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)**

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

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

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

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

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN** (Continued)

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

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

\* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.1 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 (6.1 percent) or 1-percentage-point higher (8.1 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
District's proportionate share of the net pension liability	<u>\$ 249,625,000</u>	<u>\$ 165,220,000</u>	<u>\$ 95,532,000</u>

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 8 – 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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

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

<https://www.calpers.ca.gov/docs/forms-publications/cafr-2020.pdf>.

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2021 were as follows:

*Members* - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-21.

*Employers* - The employer contribution rate was 20.70 percent of applicable member earnings.

The District contributed \$7,809,322 to the plan for the fiscal year ended June 30, 2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At June 30, 2021, the District reported a liability of \$78,076,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020 the District’s proportion was 0.254 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2019.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

For the year ended June 30, 2021, the District recognized pension expense of \$13,655,614. June 30, 2021, 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	\$ 3,872,000	\$ -
Changes of assumptions	286,000	-
Net differences between projected and actual earnings on investments	1,625,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	586,000	721,000
Contributions made subsequent to measurement date	<u>7,809,322</u>	<u>-</u>
Total	<u>\$ 14,178,322</u>	<u>\$ 721,000</u>

\$7,809,322 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,

2022	\$ 1,693,000
2023	\$ 1,839,000
2024	\$ 1,671,000
2025	\$ 445,000

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2020 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.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B** (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS’ website.

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

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

\* 10-year geometric average

<sup>(1)</sup> An expected inflation rate of 2.00% used for this period

<sup>(2)</sup> An expected inflation rate of 2.92% used for this period

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(Continued)



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER’S RETIREMENT FUND B (Continued)**

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District’s proportionate share of the net pension liability	\$ 112,249,000	\$ 78,076,000	\$ 24,269,000

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

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*General Information Other Postemployment Benefits Plan (OPEB)*

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees. The plan does not issue separate financial statements. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements to continue health coverage as a participant in the District's plan. 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. As of June 30, 2021 the District has accumulated assets in a qualified trust provided by Public Agency Retirement Services (PARS) for the purpose of paying the benefits related to the District's Net OPEB Liability. Assets contributed to the plan are included in the PARS trust financial statements. Copies of PARS independent financial statements may be obtained from the Public Agency Retirement Services – 4350 Von Karman Avenue, Newport Beach, CA 92660.

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

	<u>Number of Participants</u>
Inactive Plan members	120
Active employees	<u>2,018</u>
	<u>2,138</u>

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. Management and supervisory employees reaching retirement age of CalPERS or STRS and employed by the District for 10 years of full-time service, are eligible for medical coverage for a maximum of 13 years of benefits or age 68, whichever comes first. A maximum monthly benefit does not exceed \$475 per month for personnel before the age of 65, and \$175 per month for ages 65 to 68. Certificated employees reaching retirement age of STRS and placement on the Certificated Salary Schedule Class 4 or 5, Step 12, are eligible for medical coverage for a maximum of 10 years of benefits or age 65, whichever comes first. A maximum monthly benefit does not exceed \$475 per month. Classified employees reaching retirement age of PERS and 10 years of full-time service with the District, are eligible for medical coverage for a maximum of 10 years of benefits or age 65, whichever comes first. A maximum monthly benefit does not exceed \$500 per month.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

Contributions to the Plan from the District were \$8,810,318 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

OPEB Plan Investments: The discount rate of 5.00% was determined using the following asset allocation and assumed rate of return, adjusted for conservatism:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Rate of Return*</u>
US Large Cap	40%	7.8%
US Mid Cap	20	7.8
Long-Term Corporate Bonds	20	5.3
Long-Term Government Bonds	15	4.5
Intermediate-Term Government Bonds	5	4.5

\* 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.

*Net OPEB Liability*

The District's net OPEB liability was measured as of June 30, 2019, and the net OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Fiscal Year End	June 30
Actuarial Value of Assets	Market Value
Mortality Rate	2009 CalSTRS and 2014 CalPERS Mortality Tables
Discount Rate / Investment Return	5.0% - Based on assumed long-term employer assets.
Retirement Rate	Retirement rates match rates developed in the experience studies for California PERS (2009) and California STRS (2009).
Inflation Rate	2.75% per year
Salary Increases	2.75% per year
Health Care Inflation	4.0%
Termination Rate	California PERS (2009) and California STRS (2009).
Disability Rate	None
Funding Method	Entry Age Cost Method (Level Percentage of Pay).

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Discount Rate: All future benefit payments were discounted using a discount rate of 5.00%. As the plan is funded by an irrevocable trust, and the plans' projected contributions and net position are expected to fully cover future benefit payments, the discount rate has been set to equal the long-term rate of return on plan investments. The long-term mean rate of return on plan investments of 5.00% calculated based on the PARS expected long-term mean rate of return.

*Changes in Net OPEB liability*

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2020	\$ 20,802,639	\$ -	\$ 20,802,639
Changes for the year:			
Service cost	2,541,987	-	2,541,987
Interest	749,647	153,795	595,852
Employer contributions	-	8,810,318	(8,810,318)
Differences between actual and expected experience	-	-	-
Changes in assumptions	(2,030,699)	-	(2,030,699)
Benefit payments	(1,310,318)	(1,310,318)	-
Administrative expenses	-	(1,566)	1,566
Net change	(49,383)	7,652,229	(7,701,612)
Balance at June 30, 2021	\$ 20,753,256	\$ 7,652,229	\$ 13,101,027

The changes in assumptions include a change in the discount rate from 3.5% at June 30, 2019 measurement date, to 5.0% in the June 30, 2020 actuary report.

There were no changes between the measurement date and the year ended June 30, 2021 which had a significant effect on the District's net OPEB liability.

Fiduciary Net Position as a percent of the total OPEB liability at June 30, 2021 is 36.9%.

Sensitivity of the Net OPEB Liability to changes in the Discount Rate: The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (4.0%)	Current Discount Rate (5.0%)	1% Increase (6.0%)
Net OPEB liability	\$ 14,506,892	\$ 13,101,027	\$ 12,235,620

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Sensitivity of the Net OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease <u>(3.0%)</u>	Healthcare Cost Trend Rates Rate <u>(4.0%)</u>	1% Increase <u>(5.0%)</u>
Net OPEB liability	\$ 11,867,477	\$ 13,101,027	\$ 14,210,935

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,574,692. At June 30, 2021, 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	\$ -	\$ 3,186,181
Changes of assumptions	-	4,733,493
Net differences between projected and actual earnings on investments	-	123,036
Benefits paid subsequent to measurement date	<u>990,316</u>	<u>-</u>
Total	<u>\$ 990,316</u>	<u>\$ 8,042,710</u>

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

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 <u>June 30,</u>	
2022	\$ (718,508)
2023	(718,508)
2024	(718,508)
2025	(718,508)
2026	(687,749)
Thereafter	(4,480,929)

Differences between changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 12 years as of the June 30, 2020 measurement date.

\$990,316 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

**NOTE 10 - JOINT POWERS AGREEMENTS**

The District is a member with other school districts in two Joint Powers Authorities, Schools Excess Liability Fund (SELF) and Schools Insurance Authority (SIA) (Deductible Fund, only). 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 condensed financial information of SELF as of June 30, 2020 and SIA as of June 30, 2021 (the latest information available).

	<u>SELF</u>	<u>SIA</u>
Total assets	\$ 174,621,313	\$ 217,113,543
Deferred outflows of resources	\$ 312,483	\$ 1,855,968
Total liabilities	\$ 141,193,559	\$ 87,859,871
Deferred inflows of resources	\$ 64,325	\$ 751,640
Net position	\$ 33,675,912	\$ 130,358,000
Total revenues	\$ 77,945,029	\$ 69,975,315
Total expenses	\$ 64,133,389	\$ 54,557,453

The relationship between Folsom Cordova Unified School District and each Joint Powers Authority is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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**NOTE 11 - CONTINGENCIES**

Contingent Liabilities: 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 or future revenue offsets subsequently determined will not have a material effect.

Construction Commitments: As of June 30, 2021, the District has \$9.5 million in outstanding commitments on construction contracts.

## **REQUIRED SUPPLEMENTARY INFORMATION**



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
GENERAL FUND BUDGETARY COMPARISON SCHEDULE  
For the year ended June 30, 2021

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 108,306,160	\$ 114,913,560	\$ 114,913,560	\$ -
Local sources	61,542,353	69,818,490	69,818,490	-
Total LCFF	169,848,513	184,732,050	184,732,050	-
Federal sources	9,345,787	23,710,815	23,710,815	-
Other state sources	36,385,686	40,349,823	40,349,823	-
Other local sources	5,405,282	2,162,615	2,162,615	-
Total revenues	220,985,268	250,955,303	250,955,303	-
Expenditures:				
Current:				
Certificated salaries	98,938,371	101,814,562	101,814,562	-
Classified salaries	37,450,872	35,918,104	35,918,104	-
Employee benefits	64,360,296	51,588,471	51,588,471	-
Books and supplies	8,016,390	13,896,439	13,896,439	-
Contract services and operating expenditures	24,630,562	24,801,130	24,801,130	-
Other outgo	1,288,717	1,372,652	1,372,652	-
Capital outlay	862,219	9,948,370	9,948,370	-
Debt service:				
Principal retirement	-	280,391	280,391	-
Interest	-	40,795	40,795	-
Total expenditures	235,547,427	239,660,914	239,660,914	-
(Deficiency) excess of revenues (under) over expenditures	(14,562,159)	11,294,389	11,294,389	-
Other financing sources (uses):				
Transfers in	904,395	210,490	210,490	-
Transfers out	(1,260,289)	(4,782,328)	(4,782,328)	-
Total other financing sources (uses)	(355,894)	(4,571,838)	(4,571,838)	-
Net change in fund balance	(14,918,053)	6,722,551	6,722,551	-
Fund balance, July 1, 2020	50,097,768	50,097,768	50,097,768	-
Fund balance, June 30, 2021	\$ 35,179,715	\$ 56,820,319	\$ 56,820,319	\$ -

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY  
FUNDING PROGRESS  
For the year ended June 30, 2021

	Last 10 Fiscal Years			
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 2,676,927	\$ 2,750,543	\$ 2,709,393	\$ 2,541,987
Interest	714,990	873,210	952,801	749,647
Differences between actual and expected experience	-	-	(3,204,357)	-
Change in assumptions	-	(539,231)	(2,870,996)	(2,030,699)
Benefit payments	<u>(896,667)</u>	<u>(932,534)</u>	<u>(1,006,408)</u>	<u>(1,310,318)</u>
Net change in total OPEB liability	2,495,250	2,151,988	(3,419,567)	(49,383)
Total OPEB liability, beginning of year	<u>19,574,968</u>	<u>22,070,218</u>	<u>24,222,206</u>	<u>20,802,639</u>
Total OPEB liability, end of year	<u>\$ 22,070,218</u>	<u>\$ 24,222,206</u>	<u>\$ 20,802,639</u>	<u>\$ 20,753,256</u>
Plan Fiduciary Net Position				
Interest	\$ -	\$ -	\$ -	\$ 153,795
Employer contributions	-	-	-	8,810,318
Benefit payments	-	-	-	(1,310,318)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,566)</u>
Change in plan fiduciary net position	-	-	-	7,652,229
Fiduciary trust net position - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fiduciary trust net position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,652,229</u>
Net OPEB liability - ending	<u>\$ 22,070,218</u>	<u>\$ 24,222,206</u>	<u>\$ 20,802,639</u>	<u>\$ 13,101,027</u>
Covered employee payroll	\$ 113,067,000	\$ 116,176,000	\$ 125,803,000	\$ 136,668,000
Total OPEB liability as a percentage of covered-employee payroll	19.52%	20.85%	16.54%	15.19%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the year ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.171%	0.170%	0.178%	0.172%	0.185%	0.184%	0.170%
District's proportionate share of the net pension liability	\$ 100,071,000	\$ 114,579,000	\$ 143,862,000	\$ 159,188,000	\$ 169,605,000	\$ 166,062,000	\$ 165,220,000
State's proportionate share of the net pension liability associated with the District	<u>60,427,000</u>	<u>60,599,000</u>	<u>81,906,000</u>	<u>94,175,000</u>	<u>97,107,000</u>	<u>90,598,000</u>	<u>90,292,000</u>
Total net pension liability	<u>\$ 160,498,000</u>	<u>\$ 175,178,000</u>	<u>\$ 225,768,000</u>	<u>\$ 253,363,000</u>	<u>\$ 266,712,000</u>	<u>\$ 256,660,000</u>	<u>\$ 255,512,000</u>
District's covered payroll	\$ 76,273,000	\$ 78,993,000	\$ 88,645,000	\$ 91,229,000	\$ 99,069,000	\$ 100,487,000	\$ 93,594,000
District's proportionate share the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	171.20%	165.26%	176.53%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
For the year ended June 30, 2021

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
District's proportion of the net pension liability	0.246%	0.247%	0.252%	0.249%	0.255%	0.258%	0.254%
District's proportionate share of the net pension liability	\$ 27,891,000	\$ 36,423,000	\$ 49,779,000	\$ 59,526,000	\$ 68,116,000	\$ 75,242,000	\$ 78,076,000
District's covered payroll	\$ 27,356,000	\$ 27,356,000	\$ 30,238,000	\$ 31,792,000	\$ 34,238,000	\$ 35,759,000	\$ 36,639,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.96%	133.14%	164.62%	187.24%	198.95%	210.41%	213.10%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

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 notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the year ended June 30, 2021

	State Teachers' Retirement Plan Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 7,014,586	\$ 9,511,596	\$ 11,626,528	\$ 14,295,673	\$ 16,359,301	\$ 16,968,528	\$ 16,638,695
Contributions in relation to the contractually required contribution	<u>(7,014,586)</u>	<u>(9,511,596)</u>	<u>(11,626,528)</u>	<u>(14,295,673)</u>	<u>(16,359,301)</u>	<u>(16,968,528)</u>	<u>(16,638,695)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 78,993,000	\$ 88,645,000	\$ 91,229,000	\$ 99,069,000	\$ 100,487,000	\$ 93,594,000	\$ 87,114,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *	16.15%**

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

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

All years prior to 2015 are not available.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
For the year ended June 30, 2021

	Public Employer's Retirement Fund B Last 10 Fiscal Years						
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 3,220,090	\$ 3,582,309	\$ 4,410,078	\$ 5,317,520	\$ 4,166,135	\$ 7,225,614	\$ 7,809,322
Contributions in relation to the contractually required contribution	<u>(3,220,090)</u>	<u>(3,582,309)</u>	<u>(4,410,078)</u>	<u>(5,317,520)</u>	<u>(4,166,135)</u>	<u>(7,225,614)</u>	<u>(7,809,322)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 27,356,000	\$ 30,238,000	\$ 31,792,000	\$ 34,238,000	\$ 35,759,000	\$ 36,639,000	\$ 37,726,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	11.65%	19.72%	20.70%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
For the year ended June 30, 2021

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**NOTE 1 - PURPOSE OF SCHEDULES**

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. 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. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB 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. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Net OPEB Liability.

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

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

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

Changes of Assumptions: The discount rate used for the net OPEB liability was 3.5 and 5.0 percent at the June 30, 2019 and 2020 measurement dates, respectively.

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

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

<u>Assumption</u>	<u>Measurement Period</u>					
	As of June 30, <u>2020</u>	As of June 30, <u>2019</u>	As of June 30, <u>2018</u>	As of June 30, <u>2017</u>	As of June 30, <u>2016</u>	As of June 30, <u>2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

## **SUPPLEMENTARY INFORMATION**



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
ALL NON-MAJOR FUNDS  
June 30, 2021

	Student Activity Fund	Charter School Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Capital Outlay Projects Fund	Total
<b>ASSETS</b>								
Cash in County Treasury	\$ -	\$ 420,706	\$ 956,564	\$ 1,181,148	\$ 716,363	\$ 1,225,111	\$ 9,485,669	\$ 13,985,561
Cash in banks	1,171,417	-	4,900	-	5,904	-	47,987	1,230,208
Cash in revolving fund	-	10,000	-	-	-	-	-	10,000
Receivables	-	138,845	328,143	3,862	365,856	3,012	400,923	1,240,641
Due from other funds	-	31,948	-	2,072	-	363,371	9,679	407,070
Total assets	<u>\$ 1,171,417</u>	<u>\$ 601,499</u>	<u>\$ 1,289,607</u>	<u>\$ 1,187,082</u>	<u>\$ 1,088,123</u>	<u>\$ 1,591,494</u>	<u>\$ 9,944,258</u>	<u>\$ 16,873,480</u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ -	\$ 146,086	\$ 56,568	\$ 60,054	\$ 238,104	\$ 35,688	\$ 60,651	\$ 597,151
Unearned revenue	-	-	1,412	613,610	-	-	-	615,022
Due to other funds	-	267,818	-	68,381	20,700	-	-	356,899
Total liabilities	-	413,904	57,980	742,045	258,804	35,688	60,651	1,569,072
Fund balances:								
Nonspendable	-	10,000	-	-	-	-	-	10,000
Restricted	1,171,417	177,595	1,231,627	445,037	829,319	1,555,806	9,883,607	15,294,408
Total fund balance	<u>1,171,417</u>	<u>187,595</u>	<u>1,231,627</u>	<u>445,037</u>	<u>829,319</u>	<u>1,555,806</u>	<u>9,883,607</u>	<u>15,304,408</u>
Total liabilities and fund balances	<u>\$ 1,171,417</u>	<u>\$ 601,499</u>	<u>\$ 1,289,607</u>	<u>\$ 1,187,082</u>	<u>\$ 1,088,123</u>	<u>\$ 1,591,494</u>	<u>\$ 9,944,258</u>	<u>\$ 16,873,480</u>

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES  
ALL NON-MAJOR FUNDS  
For the year ended June 30, 2021

	Student Activity Fund	Charter School Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Capital Outlay Projects Fund	Total
Revenues:								
LCFF:								
State apportionment	\$ -	\$ 647,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647,743
Local sources	-	485,907	-	-	-	650,566	-	1,136,473
Total LCFF	-	1,133,650	-	-	-	650,566	-	1,784,216
Federal sources	-	8,079	320,373	103,084	1,389,928	-	-	1,821,464
Other state sources	-	303,237	878,535	1,665,911	132,963	-	-	2,980,646
Other local sources	599,852	7,510	151,259	5,568	51,047	5,327	827,773	1,648,336
Total revenues	599,852	1,452,476	1,350,167	1,774,563	1,573,938	655,893	827,773	8,234,662
Expenditures:								
Current:								
Certificated salaries	-	2,150,808	638,120	54,829	-	-	-	2,843,757
Classified salaries	-	101,748	256,782	968,262	1,752,089	63,338	-	3,142,219
Employee benefits	-	824,736	297,817	402,246	598,661	29,185	-	2,152,645
Books and supplies	-	203,917	69,391	154,205	832,537	59,704	6,204	1,325,958
Contract services and operating expenditures	1,054,885	465,636	39,636	23,557	137,026	812,931	331,720	2,865,391
Capital outlay	-	11,987	-	-	-	377,300	574,540	963,827
Debt service:								
Principal retirement	-	-	-	1,974	-	-	-	1,974
Interest	-	-	-	98	-	-	-	98
Total expenditures	1,054,885	3,758,832	1,301,746	1,605,171	3,320,313	1,342,458	912,464	13,295,869
(Deficiency) excess of revenues (under) over expenditures	(455,033)	(2,306,356)	48,421	169,392	(1,746,375)	(686,565)	(84,691)	(5,061,207)
Other financing sources (uses):								
Transfers in	-	2,404,328	-	2,072	-	950,000	200,000	3,556,400
Transfers out	-	-	-	(68,381)	(142,109)	-	-	(210,490)
Total other financing sources (uses)	-	2,404,328	-	(66,309)	(142,109)	950,000	200,000	3,345,910
Net change in fund balances	(455,033)	97,972	48,421	103,083	(1,888,484)	263,435	115,309	(1,715,297)
Fund balances, July 1, 2020	-	89,623	1,183,206	341,954	2,717,803	1,292,371	9,768,298	15,393,255
Cumulative effect of GASB 84 implementation	1,626,450	-	-	-	-	-	-	1,626,450
Fund balance, July 1, 2020, as restated	1,626,450	89,623	1,183,206	341,954	2,717,803	1,292,371	9,768,298	17,019,705
Fund balances, June 30, 2021	\$ 1,171,417	\$ 187,595	\$ 1,231,627	\$ 445,037	\$ 829,319	\$ 1,555,806	\$ 9,883,607	\$ 15,304,408

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
ORGANIZATION  
June 30, 2021

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Folsom Cordova Unified School District was established in 1949. The District is currently operating twenty-one elementary schools, four middle schools, three high schools, two continuation high schools, thirteen preschools, seventeen student-care centers, an independent study high school, an adult education program, an adolescent parent program, a community charter school, and a community day school. There were no changes in the boundaries of the District during the year.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ed Short	President	2022
David Reid	Vice President	2022
Joshua Hoover	Clerk	2022
Chris Clark	Member	2024
Tim Hooey	Member	2024

ADMINISTRATION

Sarah Koligian, Ed.D.  
Superintendent

Rhonda Crawford  
Assistant Superintendent, Business Services

Curtis Wilson  
K-12 Assistant Superintendent, Curriculum & Instruction

Jim Huber, Ed. D  
K-12 Assistant Superintendent, Curriculum & Instruction

Don Ogdon  
Assistant Superintendent, Human Resources

Betty Jo Wessinger  
Assistant Superintendent Special Education/SELPA Director

Kristi Blandford  
Director of Fiscal Services

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
For the year ended June 30, 2021

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<u>Grade Level</u>	<u>Number of Days Traditional of Days</u>	<u>Status</u>
<b>DISTRICT</b>		
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

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See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the year ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	\$ 3,240,881
84.173	Special Education: IDEA Preschool Grants Part B, Section 619 (Age 3-4-5)	13430	95,685
84.173A	Special Education: IDEA Preschool Staff Development, Part B, Section 619	13431	1,000
84.173A	Special Ed: Alternate Dispute Resolution, Part B, Sec 611	13007	57,486
84.027A	Special Education: IDEA Mental Health Services	14468	231,114
	Subtotal Special Education Cluster		<u>3,626,166</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ESL	14508	135,440
84.002	Adult Education: Adult Secondary Education	13978	134,518
84.002A	Adult Education: English Literacy & Civics Education Local Grant	14109	50,415
	Subtotal Adult Education Programs		<u>320,373</u>
	ESEA: Title I Programs		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income	14329	3,096,114
84.010	ESEA: ESSA School Improvements (CSI) Funding for LEA's	15438	189,870
	Subtotal ESEA: Title I Programs		<u>3,285,984</u>
	COVID-19 - Education Stabilization Fund Programs:		
84.425	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	15536	2,206,740
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief II (ESSER II)	15547	1,627,783
84.425C	COVID-19 - Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	15517	1,239,270
84.425	COVID-19- Child Nutrition: COVID CARES Act Suppl Meal	15535	159,581
	Subtotal COVID-19 - Education Stabilization Fund Programs		<u>5,233,374</u>
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	15396	78,488
84.181	Special Education : Idea Early Intervention Grants, Part C	23761	91,745
84.365	ESEA: Title III, English Learner Student Pgoram	14346	398,543
84.377	NCLB: Title I, School Improvement Grant (SIG)	15364	1,000,541
84.367	ESEA Title II, Part A, Supporting Effective Instruction State Grants	14341	565,945
84.048	Carl D.Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	133,474
	Total U.S. Department of Education		<u>14,734,633</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
For the year ended June 30, 2021

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Treasury - Passed through California Department of Education</u>			
21.019	COVID-19 - Coronavirus Relief Fund: Learning Loss Mitigation	25516	\$ 9,084,646
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
	Medi-Cal Cluster:		
93.778	Medi-Cal Billing Option	10013	143,805
93.778	Medi-Cal Administrative Activities (MAA)	10060	61,946
	Subtotal Medi-Cal Cluster		<u>205,751</u>
	Total U.S. Department of Health and Human Services		<u>205,751</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.555	Child Nutrition: School Programs: Child Nutrition Cluster	13391	<u>3,271,937</u>
	Total U.S. Department of Agriculture		<u>3,271,937</u>
	Total Federal Programs		<u>\$ 27,296,967</u>

See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT  
WITH AUDITED FINANCIAL STATEMENTS  
For the year ended June 30, 2021

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	Bond Interest and Redemption <u>Fund</u>
June 30, 2021 Unaudited Actual Financial Reporting Ending Fund Balance:	\$ 30,982,519
To correct Cash in County Treasury	(4,913,652)
To correct debt issuance premiums recorded by the Sacramento County Treasurer	<u>3,217,272</u>
June 30, 2021 Audit Financial Statements Ending Fund Balance	<u>\$ 29,286,139</u>

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

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See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
For the year ended June 30, 2021  
(Unaudited)

	(Budgeted) <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>General Fund</u></b>				
Revenues and other financing sources	\$ 252,686,522	\$ 251,165,793	\$ 235,289,249	\$ 250,579,196
Expenditures	239,450,422	239,660,914	230,469,827	230,171,785
Other uses and transfers out	<u>4,782,328</u>	<u>4,782,328</u>	<u>1,150,000</u>	<u>1,172,118</u>
Total outgo	<u>244,232,750</u>	<u>244,443,242</u>	<u>231,619,827</u>	<u>231,343,903</u>
Change in fund balance	<u>\$ 8,453,772</u>	<u>\$ 6,722,551</u>	<u>\$ 3,669,422</u>	<u>\$ 19,235,293</u>
Ending fund balance	<u>\$ 65,274,091</u>	<u>\$ 56,820,319</u>	<u>\$ 50,097,768</u>	<u>\$ 46,428,346</u>
Available reserves	<u>\$ 7,450,000</u>	<u>\$ 7,450,000</u>	<u>\$ 7,350,000</u>	<u>\$ 6,945,000</u>
Designated for economic uncertainties	<u>\$ 7,450,000</u>	<u>\$ 7,450,000</u>	<u>\$ 7,350,000</u>	<u>\$ 6,945,000</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>3.05%</u>	<u>3.05%</u>	<u>3.17%</u>	<u>3.00%</u>
<b><u>All Funds</u></b>				
Total long-term liabilities	<u>\$ 840,505,976</u>	<u>\$ 860,020,870</u>	<u>\$ 874,741,054</u>	<u>\$ 756,515,534</u>
Average daily attendance at P-2	<u>19,741</u>	<u>19,625</u>	<u>19,625</u>	<u>19,559</u>

The General Fund fund balance has increased by \$29,627,266 over the past three years. The fiscal year 2021-2022 budget projects an increase of \$8,453,772. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out and other uses (total outgo). The District met this requirement.

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the fiscal year 2021-2022.

Total long-term liabilities have increased by \$103,505,336 over the past two years, primarily due to debt issuance and recognition of net pension liability.

Average daily attendance has increased by 66 over the past two years. An increase of 116 is projected for the 2021-2022 fiscal year.

See accompanying notes to supplementary information.



FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
For the year ended June 30, 2021

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<u>Charter #</u>	<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
0650	Folsom Cordova K-8 Community Charter	Included in District Financial Statements

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See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES  
For the year ended June 30, 2021

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	First 5 <u>Sacramento</u>
Revenues	
Other local sources	\$ <u>350,843</u>
Expenditures:	
Current:	
Cetificated salaries	84,368
Classified salaries	159,915
Employee benefits	78,721
Books and supplies	12,585
Contract services and operating expenditures	<u>15,254</u>
Total expenditures	<u>350,843</u>
Net change in fund balance	-
Fund balances, July 1, 2020	<u>-</u>
Fund balances, June 30, 2021	<u><u>\$ -</u></u>

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See accompanying notes to supplementary information.

#### **NOTE 1 - PURPOSE OF SCHEDULES**

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

Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Folsom Cordova 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 in the Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2021-2022 fiscal year, as required by the State Controller's Office.

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

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

#### **NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2021, the District did not adopt such a program.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

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

### Report on Compliance with State Laws and Regulations

We have audited Folsom Cordova Unified School District's compliance with the types of compliance requirements described in the State of *California's 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2021.

<u>Description</u>	<u>Procedures Performed</u>
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	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
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	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
Charter School Facility Grant Program	No, see below

(Continued)

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer the program in the current year.

The District did not offer Apprenticeship: Related and Supplemental Instruction; therefore, we did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction.

The District did not elect to operate as a District of Choice; therefore, we did not perform any procedures related to District of Choice.

The District did not have any expenditures related to California Clean Energy Jobs Act; therefore, we did not perform any procedures related to California Clean Energy Jobs Act.

We did not perform any procedures related to Independent Study - Course Based because the District did not have any independent study - course based classes.

The District did not have any expenditures related to Charter School Facilities Grant; therefore, we did not perform any procedures.

### ***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 Folsom Cordova 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 *2020-21 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 Folsom Cordova Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Folsom Cordova 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 qualified opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Folsom Cordova Unified School District's compliance.

### ***Opinion on Compliance with State Laws and Regulations***

In our opinion, Folsom Cordova 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, 2021.

### **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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

  
Crowe LLP

Sacramento, California  
January 31, 2022

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Folsom Cordova Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Folsom Cordova Unified School District's basic financial statements, and have issued our report thereon dated January 31, 2022.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Folsom Cordova Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Folsom Cordova Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Folsom Cordova 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 did identify a deficiency in internal control that we communicated to management as described in the accompanying Schedule of Audit Findings and Questioned Costs as finding 2021-001.

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(Continued)

## Compliance and Other Matters

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

### Other Matter

Folsom Cordova Unified School District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questioned Costs. Folsom Cordova Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

  
Crowe LLP

Sacramento, California  
January 31, 2022



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

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

**Report on Compliance for Each Major Federal Program**

We have audited Folsom Cordova 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 Folsom Cordova Unified School District's major federal programs for the year ended June 30, 2021. Folsom Cordova 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 statutes, 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 Folsom Cordova 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 Folsom Cordova 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 Folsom Cordova Unified School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Folsom Cordova 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 for the year ended June 30, 2021.

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(Continued)

## ***Report on Internal Control Over Compliance***

Management of Folsom Cordova 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 Folsom Cordova 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 Folsom Cordova 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

Sacramento, California  
January 31, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
THE FIRST 5 SACRAMENTO COUNTY PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH A PROGRAM-SPECIFIC AUDIT

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

**Report on Compliance with the First 5 Sacramento County Program**

We have audited the compliance of Folsom Cordova Unified School District 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, 2021.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance on Folsom Cordova Unified School District's First 5 Sacramento County Program 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 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 Folsom Cordova 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 the First 5 Sacramento County Program. However, our audit does not provide a legal determination on Folsom Cordova Unified School District's compliance with those requirements.

***Opinion on the First 5 Sacramento County Program***

In our opinion, Folsom Cordova 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, 2021.

  
Crowe LLP

Sacramento, California  
January 31, 2022

## **FINDINGS AND RECOMMENDATIONS**

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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SECTION I - SUMMARY OF AUDITOR'S RESULTS

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

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

Internal control over major programs:

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

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

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

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

AL Number(s)

84.425,84.425C,84.425D  
21.019

Name of Federal Program or Cluster

COVID-19 - Education Stabilization Fund Programs  
COVID-19 - Coronavirus Relief Fund: Learning Loss Mitigation

Dollar threshold used to distinguish between Type A and Type B programs: \$818,246

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

**STATE AWARDS**

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

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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SECTION II - FINANCIAL STATEMENT FINDINGS

**2021-001 - DEFICIENCY – INTERNAL CONTROLS - CAPITAL ASSETS (30000)**

Criteria

Generally accepted accounting principles regarding internal controls, *Education Code* Section 35168, and federal funding agencies require LEAs to maintain records that properly account for capital assets.

Condition

The District's method of maintaining detailed records of all capital assets as required by GASB Statement No. 34 and California Education Code does not always include the following: description of asset, asset class, historical cost, date of acquisition or date placed into service, location of use, useful life, accumulated depreciation and information related to disposal (if applicable). The District tracks capital assets by project therefore does not include the information needed to determine cost, date of acquisition, useful life, or accumulated depreciation for each asset. For any assets acquired outside of construction project listings, depreciation may not be applied. This is a repeat finding at 2020-001.

Effect

Inefficiencies in obtaining and supporting capital assets amounts reported in the Statement of Net Position.

Cause

The District does not have a capital asset tracking system in place.

Fiscal Impact

Not determinable.

Recommendation

The District utilize a capital asset tracking system to ensure all assets are accounted for and depreciated.

Views of Responsible Officials and Planned Corrective Actions

The District is currently transitioning to a new capital assets tracking system and is evaluating best options for proper tracking of capital assets going forward.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2021

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SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



## **STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
Year ended June 30, 2021

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**2020-001 – INTERNAL CONTROLS – CAPITAL ASSETS**

Condition: The District's method of maintaining detailed records of all capital assets as required by GASB Statement No. 34 and California Education Code does not always include the following: description of asset, asset class, historical cost, date of acquisition or date placed into service, location of use, useful life, accumulated depreciation and information related to disposal (if applicable). The District tracks capital assets by project therefore does not include the information needed to determine cost, date of acquisition, useful life, or accumulated depreciation for each asset. For any assets acquired outside of construction project listings, depreciation may not be applied.

Recommendation: The District utilize a capital asset tracking system to ensure all assets are accounted for and depreciated.

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2021-001.

**2020-002 – STATE COMPLIANCE – INSTRUCTIONAL MATERIALS**

Condition: The District held the public hearing required by California Education Code Section 60119 (1)(B) regarding the sufficiency of instructional materials on December 19, 2019 which was after the eighth week of the 2021 instructional school year.

Recommendation: We recommend the District hold the public hearing regarding the sufficiency of instructional materials within the first eight weeks of the school year.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.