

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2020

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the year ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Folsom Cordova Unified School District
Folsom, 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, 2020, 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.

(Continued)

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, 2020, 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.

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 11 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total 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 53 to 58 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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2021 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
March 16, 2021

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 12. 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 14.

Overview of the Financial Statements

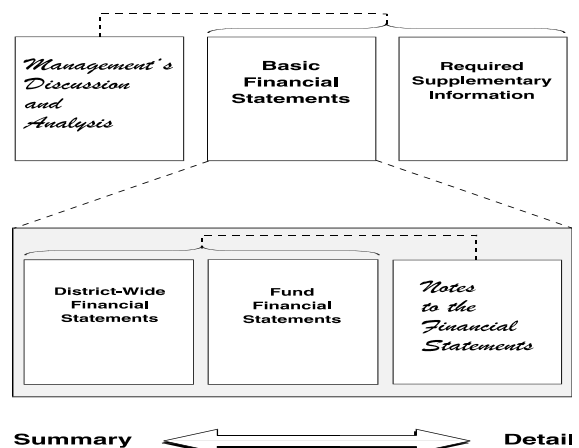
This annual report consists of three parts—management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

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.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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.

	Governmental Activities		Percentage
	<u>2019</u>	<u>2020</u>	<u>Change</u>
			<u>2019-2020</u>
Current and other assets	\$234,523,372	\$309,540,602	
Capital assets	<u>587,953,475</u>	<u>636,102,398</u>	
Total assets	822,476,847	945,643,000	14.97%
Deferred outflows of resources	83,557,415	78,588,664	-5.95%
Long-term debt outstanding	756,515,534	874,741,054	
Other liabilities	<u>20,559,368</u>	<u>24,729,310</u>	
Total liabilities	777,074,902	899,470,364	15.75%
Deferred inflows of resources	18,381,208	25,457,019	38.5%
Net investment in capital assets	230,826,837	254,706,995	
Restricted	108,605,350	81,947,562	
Unrestricted	<u>-228,834,035</u>	<u>-237,350,276</u>	
Total net position	\$110,598,152	\$99,304,281	10.21%

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

	<u>2019</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for Services	\$1,590,968	\$10,881,223
Operating Grants	54,591,524	48,659,709
Capital Grants and Contributions		
General Revenues		
Property Taxes	92,699,128	95,230,137
Federal and State Aid	126,286,893	126,954,450
Other	42,623,641	12,505,726
Total Revenues	<u>\$317,792,154</u>	<u>\$294,231,245</u>
Program Expenses		
Instruction	169,813,298	166,706,641
Instruction Related Services	29,627,984	27,776,098
Pupil Services	29,288,495	28,739,546
Ancillary Services	3,883,992	3,349,470
Data Processing	3,005,973	3,345,355
General Administration	10,698,402	10,308,872
Plant Services	25,324,814	24,917,847
Interest	21,930,756	38,773,555
Other	1,680,034	1,412,215
Community Services		605
Enterprise activities	345,582	194,912
Total Expenses	<u>295,599,330</u>	<u>305,525,116</u>
Change in net position	22,192,824	(11,293,871)
Net Position – Beginning	<u>88,405,328</u>	<u>110,598,152</u>
Net Position – Ending	<u>\$110,598,152</u>	<u>\$99,304,281</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:

	General Fund		Percentage
	2019	2020	<u>Change</u> <u>2019-2020</u>
Total Revenues	\$ 250,197,264	\$ 234,873,857	
Expenses	230,171,785	230,469,827	
Other financing sources	<u>(790,186)</u>	<u>(734,608)</u>	
Excess of revenues over expenses	\$ 19,235,293	\$ 3,669,422	-80.93%

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 \$67,446,102 in modernization and new construction from the following combined sources for 2019-20. This represents a 1.13% increase from last year's amount of \$56,890,916.

	Governmental Activities		Percentage
	2019	2020	<u>Change</u> <u>2019-2020</u>
Land	\$48,990,763	\$48,990,763	
Improvement of sites	31,052,483	37,280,394	
Buildings	606,232,285	671,353,885	
Equipment	51,238,628	56,015,754	
Work-in-process	<u>99,912,789</u>	<u>91,232,253</u>	
Total	\$837,426,948	\$904,873,050	8.05%

District Indebtedness

At year-end, the District has incurred \$874,741,054 of long-term debt. Of that, \$609,381,426 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.

	Governmental Activities		Percentage
	2019	2020	<u>Change</u> <u>2019-2020</u>
Compensated absences	\$1,137,330	\$1,311,594	
Certificates of participation	6,455,000	3,305,000	
General obligation bonds	487,790,965	609,381,426	
Capital lease	1,431,701	1,164,638	
Net pension liability	235,478,332	238,775,757	
Post-employment medical benefits	<u>24,222,206</u>	<u>20,802,639</u>	
Total	\$756,515,534	\$874,741,054	15.63%

Budget to Actual Analysis

The District develops its budget pursuant to the Governor's proposals. Throughout the year the budget is adjusted primarily due to new or adjusted funding levels. A comparison of the General Fund Budget to Actual Revenues and Expenditures is as follows:

	Estimated June 2020	Actual 2020	Percentage <u>Variance</u>
Revenues			
LCFF	185,359,343	185,203,621	
Federal Revenues	9,758,777	8,308,911	
State Revenues	39,667,762	35,185,447	
Local Revenues	<u>5,517,579</u>	<u>6,175,879</u>	
Total Revenues	240,303,461	234,873,857	-2.26%
Expenditures			
Salaries & Benefits	194,897,917	189,886,866	
Books & Supplies	11,830,397	8,417,549	
Services & Other Operating	24,987,958	14,317,502	
Capital Outlay/Other Outgo	<u>6,566,335</u>	<u>17,847,910</u>	
Total Expenditures	238,282,607	230,469,827	-3.28%

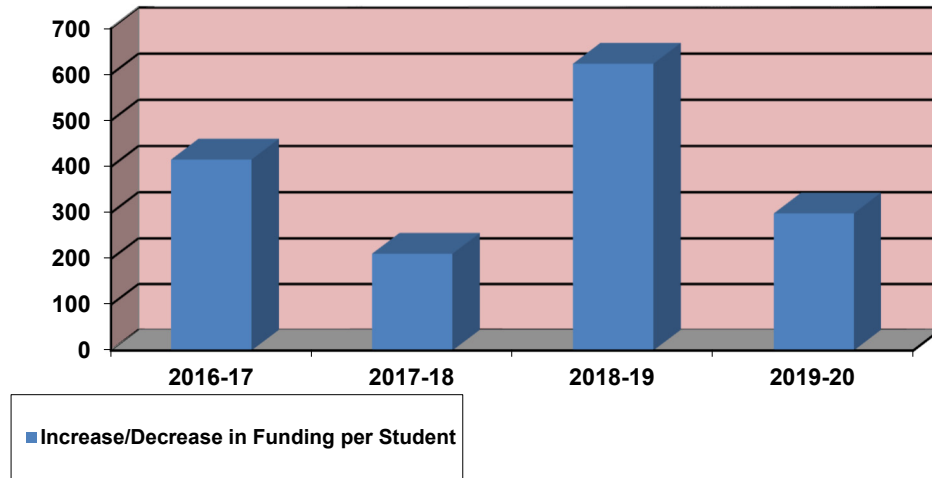
Total budgeted revenues were \$5,429,604 greater than actual revenues received. Total expenditures were \$7,812,780 lower than budgeted due to the change in the PERS On-Behalf from GASB 68 and reductions related to school closures.

Financial Issues

Per Pupil Funding

Since 2008-09, the State of California had been experiencing a severe economic down-turn causing concern for future funding sources. With the passage of Proposition 30 by the voters in November 2012, the State did not impose mid-year reductions, and school districts were flat-funded for 2012-13. Beginning in 2013-14, the State has eliminated revenue limits and most State categorical funding with a new LCFF funding model. The table below shows a four year trend in State school funding.

Increase/Decrease in Per Pupil Funding

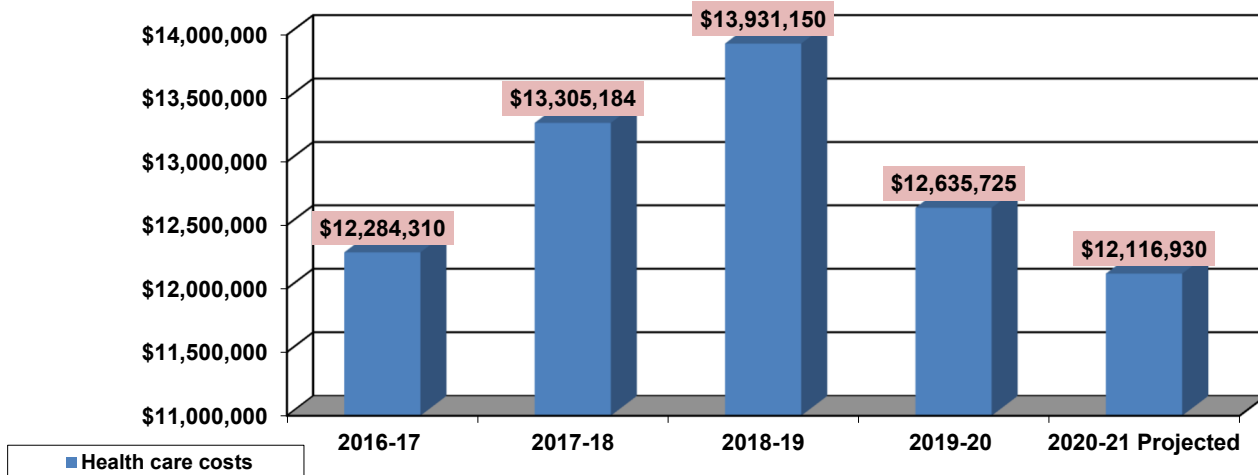


Health Care Cost Trends

District-Wide Health Care costs trend had been increasing over the past few years as we open new programs and increase services to students the trend is more in line with the 5% annual increase that we saw in the past. We have begun to see a decreased based on temporary suspension of the 1% OPEB contribution along with reductions due to school closures.

The graph below shows the trends:

Trends in District-Wide Health Care Costs



COVID-19 Impacts

On March 13, 2020, California Governor Gavin Newsom issued Executive Order N-26-20, proclaiming a State of Emergency to exist in California as a result of the threat of the COVID-19 virus, and providing that if any California school districts, county offices of education, and charter schools (each a “Local Educational Agency” or “LEA”) closes its schools to address COVID-19, the LEA will continue to receive state funding during the period of closure. The District closed schools effective Monday, March 16, 2020, with school scheduled to resume April 6, 2020.

On March 17, 2020, the District announced that beginning March 18, 2020 through April 3, 2020, all of the District’s school sites and offices would be closed with minimal site staff. The Governor also signed Senate Bill 117 (“SB 117”) as urgency legislation effective immediately. For purposes of school district funding for fiscal year 2019-20, SB 117 limits the average daily attendance reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. This condensed ADA period applies to school districts that comply with Executive Order N-26-20. SB 117 further states the intent of the State Legislature that a school district’s employees and contractors be paid during the period of a school closure due to COVID-19. SB 117 also waived instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to COVID-19 caused the school district to fall below applicable instructional time requirements. While SB 117 provided some immediate relief to school districts, the short-term and long-term impacts of the COVID-19 outbreak are unknown as the situation continues to evolve.

On March 19, 2020, the Governor issued Executive Order N-33-20, a State-wide stay at home order to protect the health and well-being of all Californians and to establish consistency across the State in order to slow the spread of COVID-19. Such order went into effect immediately.

Categorical Funding

As school revenues increased during the boom times of the late 1990’s, the funds came to schools with strings attached. As we moved into constrained economic times, we found these constraints made it difficult to maintain our basic programs. Since 2008-09, the State had given broad flexibility in many categorical programs to help schools manage reductions as a result of the economic downturn. Beginning in 2013-14 most of the State categorical programs previously included in the flexibility provisions, Tier III have been shifted to the new LCFF funding formula.

As State revenue growth fluctuates, LCFF is implemented, LCAPP is developed, health care costs rise, the Affordable Care Act is implemented, Common Core Standards are implemented, and ongoing expenditures take a larger share of state revenue, District management must vigorously pursue three major courses of action:

1. Develop a balanced approach to plan for the long term rather than the short term.
2. Continue to work with the Education Coalition to increase funding to School Districts to at least the national average.
3. Evaluate how well we are doing in achieving equitable allocations of resources and improving outcomes for all students.

Contacting the District’s Financial Management

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

BASIC FINANCIAL STATEMENTS

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 2)	\$ 277,560,114	\$ 2,695,842	\$ 280,255,956
Receivables	31,560,653	21,098	31,581,751
Prepaid expenses	383,414	2,177	385,591
Interagency balances (Note 3)	36,421	(36,421)	-
Non-depreciable capital assets (Note 4)	140,223,016	-	140,223,016
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>495,879,382</u>	<u>-</u>	<u>495,879,382</u>
Total assets	<u>945,643,000</u>	<u>2,682,696</u>	<u>948,325,696</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions (Notes 7 and 8)	68,853,626	597,516	69,451,142
Deferred outflows of resources - OPEB	6,310,318	-	6,310,318
Deferred loss from refunding of debt	<u>3,424,720</u>	<u>-</u>	<u>3,424,720</u>
Total deferred outflows of resources	<u>78,588,664</u>	<u>597,516</u>	<u>79,186,180</u>
LIABILITIES			
Accounts payable	22,728,154	1,337	22,729,491
Unearned revenue	2,001,156	-	2,001,156
Long-term liabilities (Note 5):			
Due within one year	20,056,859	-	20,056,859
Due after one year	<u>854,684,195</u>	<u>2,528,243</u>	<u>857,212,438</u>
Total liabilities	<u>899,470,364</u>	<u>2,529,580</u>	<u>901,999,944</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions (Notes 7 and 8)	18,880,295	157,705	19,038,000
Deferred inflows of resources - OPEB	<u>6,576,724</u>	<u>-</u>	<u>6,576,724</u>
Total deferred inflows of resources	<u>25,457,019</u>	<u>157,705</u>	<u>25,614,724</u>
NET POSITION			
Net investment in capital assets	254,706,995	-	254,706,995
Restricted:			
Legally restricted programs	12,560,960	-	12,560,960
Capital projects	36,615,059	-	36,615,059
Debt service	32,771,543	-	32,771,543
Unrestricted	<u>(237,350,276)</u>	<u>592,927</u>	<u>(236,757,349)</u>
Total net position	<u>\$ 99,304,281</u>	<u>\$ 592,927</u>	<u>\$ 99,897,208</u>

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	Expenses	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:							
Instruction	\$ 166,706,641	\$ 977,332	\$ 29,598,998	\$ -	\$ (136,130,311)	\$ -	\$ (136,130,311)
Instruction-related services:							
Supervision of instruction	8,673,541	-	2,979,962	-	(5,693,579)	-	(5,693,579)
Instructional library, media and technology	1,097,341	-	21,854	-	(1,075,487)	-	(1,075,487)
School site administration	18,005,216	34,661	3,031,649	-	(14,938,906)	-	(14,938,906)
Pupil services:							
Home-to-school transportation	5,373,526	79,627	883,920	-	(4,409,979)	-	(4,409,979)
Food services	5,922,281	1,089,018	4,198,626	-	(634,637)	-	(634,637)
All other pupil services	17,443,739	308,911	4,508,917	-	(12,625,911)	-	(12,625,911)
General administration:							
Data processing	3,345,355	-	55,888	-	(3,289,467)	-	(3,289,467)
All other general administration	10,308,872	81,685	1,580,301	-	(8,646,886)	-	(8,646,886)
Plant services	24,917,847	18,654	267,600	-	(24,631,593)	-	(24,631,593)
Ancillary services	3,349,470	708,891	717,066	-	(1,923,513)	-	(1,923,513)
Community services	605	1,325	121	-	841	-	841
Enterprise activities	194,912	-	119	-	(194,793)	-	(194,793)
Interest on long-term liabilities	38,773,555	-	-	-	(38,773,555)	-	(38,773,555)
Other outgo	1,412,215	7,581,119	814,688	-	6,983,592	-	6,983,592
Total governmental activities	<u>305,525,116</u>	<u>10,881,223</u>	<u>48,659,709</u>	<u>-</u>	<u>(245,984,184)</u>	<u>-</u>	<u>(245,984,184)</u>
Business-type activities:							
Enterprise activities	<u>2,874,178</u>	<u>2,785,667</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>(88,450)</u>	<u>(88,450)</u>
Total governmental and business-type activities	<u>\$ 308,399,294</u>	<u>\$ 13,666,890</u>	<u>\$ 48,659,770</u>	<u>\$ -</u>	<u>(245,984,184)</u>	<u>(88,450)</u>	<u>(246,072,634)</u>
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					65,807,241	-	65,807,241
Taxes levied for debt service					27,250,805	-	27,250,805
Taxes levied for other specific purposes					2,172,091	-	2,172,091
Federal and state aid not restricted to specific purposes					126,954,450	-	126,954,450
Interest and investment earnings					4,861,103	46,578	4,907,681
Miscellaneous					7,425,684	-	7,425,684
Internal transfers					218,939	(218,939)	-
Total general revenues					<u>234,690,313</u>	<u>(172,361)</u>	<u>234,517,952</u>
Change in net position					(11,293,871)	(260,811)	(11,466,232)
Net position, July 1, 2019					<u>110,598,152</u>	<u>853,738</u>	<u>111,451,890</u>
Net position, June 30, 2020					<u>\$ 99,304,281</u>	<u>\$ 592,927</u>	<u>\$ 99,897,208</u>

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 26,256,237	\$ 30,217,106	\$ 24,499,020	\$ 38,710,221	\$ 119,682,584
Cash on hand and in banks	503,977	-	-	1,091,200	1,595,177
Cash in revolving fund	75,000	-	-	10,000	85,000
Cash with Fiscal agent	7,500,000	140,575,631	8,121,722	-	156,197,353
Receivables	28,248,341	1,563,016	150,801	1,598,495	31,560,653
Due from other funds	1,616,349	-	-	3,717,693	5,334,042
Prepaid expenditures	383,414	-	-	-	383,414
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 64,583,318</u>	<u>\$ 172,355,753</u>	<u>\$ 32,771,543</u>	<u>\$ 45,127,609</u>	<u>\$ 314,838,223</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 11,606,788	\$ 3,479,628	\$ -	\$ 2,070,922	\$ 17,157,338
Unearned revenue	1,497,531	-	-	503,625	2,001,156
Due to other funds	1,381,231	3,603,344	-	313,046	5,297,621
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>14,485,550</u>	<u>7,082,972</u>	<u>-</u>	<u>2,887,593</u>	<u>24,456,115</u>
Fund balances:					
Nonspendable	458,414	-	-	10,000	468,414
Restricted	6,936,003	165,272,781	32,771,543	42,230,016	247,210,343
Committed	4,508,330	-	-	-	4,508,330
Assigned	30,845,021	-	-	-	30,845,021
Unassigned	7,350,000	-	-	-	7,350,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>50,097,768</u>	<u>165,272,781</u>	<u>32,771,543</u>	<u>42,240,016</u>	<u>290,382,108</u>
Total liabilities and fund balances	<u>\$ 64,583,318</u>	<u>\$ 172,355,753</u>	<u>\$ 32,771,543</u>	<u>\$ 45,127,609</u>	<u>\$ 314,838,223</u>

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, 2020

Total fund balances - Governmental Funds	\$	290,382,108
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 \$904,873,050 and the accumulated depreciation is \$268,770,652 (Note 4).		
		636,102,398
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, 2020 consisted of (Note 5):		
Certificates of Participation	\$	(3,305,000)
General Obligation Bonds		(512,932,699)
Unamortized premium		(32,690,567)
Accreted interest		(63,758,160)
Capitalized lease obligation		(1,164,638)
Total OPEB liability (Note 9)		(20,802,639)
Net pension liability (Notes 7 and 8)		(238,775,757)
Compensated absences		(1,311,594)
		(874,741,054)
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.		
		3,424,720
In government 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	\$	68,853,626
Deferred outflows of resources relating to OPEB		6,310,318
Deferred inflows of resources relating to OPEB		(6,576,724)
Deferred inflows of resources relating to pensions		(18,880,295)
		49,706,925
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.		
		(5,570,816)
Total net position - governmental activities	\$	99,304,281

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, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding					
Formula (LCFF):					
State apportionment	\$ 120,570,799	\$ -	\$ -	\$ 755,416	\$ 121,326,215
Local sources	<u>64,632,821</u>	<u>-</u>	<u>-</u>	<u>1,059,896</u>	<u>65,692,717</u>
Total LCFF	<u>185,203,620</u>	<u>-</u>	<u>-</u>	<u>1,815,312</u>	<u>187,018,932</u>
Federal sources	8,308,911	-	-	4,260,305	12,569,216
Other state sources	35,185,447	-	163,673	3,061,485	38,410,605
Other local sources	<u>6,175,879</u>	<u>2,389,586</u>	<u>23,526,908</u>	<u>14,407,585</u>	<u>46,499,958</u>
Total revenues	<u>234,873,857</u>	<u>2,389,586</u>	<u>23,690,581</u>	<u>23,544,687</u>	<u>284,498,711</u>
Expenditures:					
Current:					
Certificated salaries	99,069,503	-	-	1,475,363	100,544,866
Classified salaries	35,676,983	-	-	3,918,435	39,595,418
Employee benefits	55,140,380	-	-	1,971,165	57,111,545
Books and supplies	8,417,549	-	-	2,953,976	11,371,525
Contract services and operating expenditures	14,317,502	594,659	-	1,607,436	16,519,597
Other outgo	1,012,215	-	-	-	1,012,215
Capital outlay	16,514,512	36,610,569	-	27,207,850	80,332,931
Debt service:					
Principal retirement	270,895	-	42,581,699	3,146,168	45,998,762
Interest	<u>50,288</u>	<u>-</u>	<u>22,729,150</u>	<u>317,833</u>	<u>23,097,271</u>
Total expenditures	<u>230,469,827</u>	<u>37,205,228</u>	<u>65,310,849</u>	<u>42,598,226</u>	<u>375,584,130</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,404,030</u>	<u>(34,815,642)</u>	<u>(41,620,268)</u>	<u>(19,053,539)</u>	<u>(91,085,419)</u>
Other financing sources (uses):					
Transfers in	415,392	274,199	33,035,021	25,079,349	58,803,961
Transfers out	(1,150,000)	(56,864,132)	-	(570,890)	(58,585,022)
Proceeds from the issuance of debt	-	150,000,000	-	-	150,000,000
Premium from the issuance of debt	<u>-</u>	<u>1,213,513</u>	<u>12,004,379</u>	<u>-</u>	<u>13,217,892</u>
Total other financing sources (uses)	<u>(734,608)</u>	<u>94,623,580</u>	<u>45,039,400</u>	<u>24,508,459</u>	<u>163,436,831</u>
Net change in fund balances	3,669,422	59,807,938	3,419,132	5,454,920	72,351,412
Fund balances, July 1, 2019	<u>46,428,346</u>	<u>105,464,843</u>	<u>29,352,411</u>	<u>36,785,096</u>	<u>218,030,696</u>
Fund balances, June 30, 2020	<u>\$ 50,097,768</u>	<u>\$ 165,272,781</u>	<u>\$ 32,771,543</u>	<u>\$ 42,240,016</u>	<u>\$ 290,382,108</u>

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, 2020

Net change in fund balances - Total Governmental Funds	\$	72,351,412
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).	\$	67,446,102
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).		(19,297,179)
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).		(150,000,000)
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.		(582,610)
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).		45,998,762
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).		(11,574,672)
Accretion of interest is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 5).		(2,597,488)
Other postemployment benefits (OPEB) costs are recognized when employer contributions are made in the governmental net position (Notes 5 and 9).		1,179,942
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.		(1,504,124)
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8):		(12,539,752)
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).	(174,264)	(83,645,283)
Change in net position of governmental activities	\$	<u>(11,293,871)</u>

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
June 30, 2020

ASSETS

Current assets:

Cash in County Treasury (Note 2)	\$ 2,686,045
Cash in Bank	9,797
Receivables	21,098
Other assets	<u>2,177</u>

Total current assets 2,719,117

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - pensions (Notes 7 and 8) 597,516

LIABILITIES

Current liabilities:

Accounts payable	1,337
Due to other funds	<u>36,421</u>

Total current liabilities 37,758

Net pension liability - long-term (Notes 7 and 8) 2,528,243

Total liabilities 2,566,001

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pensions (Notes 7 and 8) 157,705

NET POSITION

Unrestricted \$ 592,927

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, 2020

Operating revenues:	
Other state revenues	\$ 61
Children Center fees	2,785,724
Other local revenues	<u>(58)</u>
Total operating revenues	<u>2,785,727</u>
Operating expenses:	
Classified salaries	1,651,995
Employee benefits	883,750
Books and supplies	166,169
Contract services and operating expenses	<u>172,263</u>
Total operating expense	<u>2,874,177</u>
Operating loss	(88,450)
Non-operating income:	
Interest income	46,578
Transfers to other funds	<u>(218,939)</u>
Change in net position	(260,811)
Net position, July 1, 2019	<u>853,738</u>
Net position, June 30, 2020	<u><u>\$ 592,927</u></u>

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, 2020

Cash flows from operating activities:

Cash received for children center fees	\$ 2,879,089
Cash received for other activities	3
Cash paid for operating expenses	(2,297,106)
Cash paid for employee benefits	<u>(308,051)</u>

Net cash provided by operating activities	<u>273,935</u>
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Cash flows used in noncapital financing activities:

Transfer to other funds	<u>(300,427)</u>
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Cash flows provided by investing activities:

Interest income	<u>46,578</u>
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Change in cash and investments	20,086
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Cash and investments, July 1, 2019	<u>2,675,756</u>
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Cash and investments, June 30, 2020	<u><u>\$ 2,695,842</u></u>
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Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	<u>\$ (88,450)</u>
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Adjustments to reconcile operating loss to net cash provided by operating activities:

Decrease (increase) in:

Receivables	93,365
Deferred outflows of resources	(8,635)

(Decrease) increase in:

Accounts payable	(30,522)
Net pension liability	285,575
Deferred inflows of resources	<u>22,602</u>

Total adjustments	<u>362,385</u>
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Net cash provided by operating activities	<u><u>\$ 273,935</u></u>
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See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2020

	<u>Agency Student Body</u>
ASSETS	
Cash on hand and in bank (Note 2)	<u>\$ 1,626,450</u>
LIABILITIES	
Due to student groups	<u>\$ 1,626,450</u>

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of *Governmental Accounting Standards* Board Codification Section (GASB Cod. Sec.) N50.118-121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of 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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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.

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 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 Capital Facilities, County School Facilities and 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.

The Student Body Fund is used to account for assets of student groups for which the District has an agency relationship with the activity of the fund.

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.

A - 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.

B - 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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020.

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 total 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 total 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	\$ 52,151,528	\$ 17,299,614	\$ 69,451,142
Deferred inflows of resources	\$ 18,208,000	\$ 830,000	\$ 19,038,000
Net pension liability	\$ 166,062,000	\$ 75,242,000	\$ 241,304,000
Pension expense	\$ 37,578,831	\$ 14,700,136	\$ 52,278,967

The District has allocated 3.3 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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 \$1,311,594 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".

(Continued)

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, 2020, 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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Custodial Relationships: The balance sheet for agency funds represents the assets, liabilities and trust accounts of various student organizations and scholarship funds within the District. As the funds are custodial in nature, no measurement of operating results is involved.

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.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2020 consisted of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Fiduciary Activities</u>
Pooled Funds:			
Cash in County Treasury	\$ 119,682,584	\$ 2,686,045	\$ -
Deposits:			
Cash on hand and in banks	1,595,177	9,787	1,626,450
Cash in revolving fund	85,000	-	-
Cash with fiscal agent	156,197,353	-	-
Total	\$ 277,560,114	\$ 2,695,832	\$ 1,626,450

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's accounts were \$3,316,414, and the bank balances were \$3,482,725, of which \$250,000 was insured.

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 and Bond Interest and Redemption 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, 2020, 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, 2020, 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, 2020 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General	\$ 1,616,349	\$ 1,381,231
Building	-	3,603,344
Non-Major Governmental Funds:		
Charter School	109,371	232,921
Child Development	-	16,338
Cafeteria	-	42,932
Capital Facilities	5,410	-
County School Facilities	3,602,912	-
Special Reserve for Capital Outlay Projects Fund	-	20,855
Proprietary Fund:		
Student Care Center	-	36,421
Totals	<u>\$ 5,334,042</u>	<u>\$ 5,334,042</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 2019-2020 fiscal year were as follows:

Transfer from the Building Fund to the Bond Interest and Redemption Fund for repayment of crossover refunding.	\$ 33,035,021
Transfer from the General Fund to the Deferred Maintenance Fund for the current year allocation of deferred maintenance funding.	950,000
Transfer from the County School Facilities Fund to the Building Fund for costs for the new high school construction.	274,199
Transfer from the General Fund to the Special Reserve for Capital Projects Fund for the cell tower repayment.	200,000
Transfer from the Building Fund to the County Schools Facilities Fund for new school projects.	23,829,111
Transfer from the Child Development Fund to the General Fund for indirect costs.	67,113
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	229,578
Transfer from the Student Care Center Fund to the General Fund for indirect costs.	118,701
Transfer from the Student Care Center Fund to the Child Development Fund for building loan.	2,074
Transfer from the Student Care Center Fund to the Capital Facilities Fund for reimbursement of construction work done at multiple student care sites.	<u>98,164</u>
	<u>\$ 58,803,961</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2020 is shown below:

	Balance July 1, <u>2019</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2020</u>
Non-depreciable:				
Land	\$ 48,990,763	\$ -	\$ -	\$ 48,990,763
Work-in-process	99,912,789	49,588,985	(58,269,521)	91,232,253
Depreciable:				
Improvement of sites	31,052,483	6,227,911	-	37,280,394
Buildings	606,232,285	65,121,600	-	671,353,885
Equipment	<u>51,238,628</u>	<u>4,777,127</u>	-	<u>56,015,755</u>
Totals, at cost	<u>837,426,948</u>	<u>125,715,623</u>	<u>(58,269,521)</u>	<u>904,873,050</u>
Less accumulated depreciation:				
Improvement of sites	(29,902,886)	(1,645,919)	-	(31,548,805)
Buildings	(209,095,129)	(17,028,402)	-	(226,123,531)
Equipment	<u>(10,475,458)</u>	<u>(622,858)</u>	-	<u>(11,098,316)</u>
Total accumulated depreciation	<u>(249,473,473)</u>	<u>(19,297,179)</u>	-	<u>(268,770,652)</u>
Governmental activities capital assets, net	<u>\$ 587,953,475</u>	<u>\$ 106,418,444</u>	<u>\$ (58,269,521)</u>	<u>\$ 636,102,398</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 18,286,363
Supervision of instruction	227,432
Instructional library, media and technology	43,452
School site administration	57,912
Home-to-school transportation	231,266
Food services	59,804
All other pupil services	1,610
Ancillary services	2,017
Enterprise activities	778
All other general administration	200,287
Data processing	145,471
Plant services	<u>40,787</u>
Total depreciation expense	<u>\$ 19,297,179</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES

Certificates of Participation: In November 2015, the District issued 2015 Refunding Certificates of Participation (COPs) in the amount of \$17,910,000 to refund the remaining 1998 and 2007 Certificates of Participation. The 2015 Refunding COPs mature through April 2021 and have interest rates ranging from 2.0% to 5.0%.

The following is a schedule of the future payments for the Certificates of Participation:

Year Ending <u>June 30,</u>	<u>Principal</u>
2021	\$ 3,470,250
Less Amount representing interest	<u>(165,250)</u>
	<u>\$ 3,305,000</u>

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2020 follows:

<u>Series</u>	<u>Interest Rate %</u>	<u>Original Maturity</u>	<u>Balance July 1, 2019</u>	<u>Current Year Issuance</u>	<u>Current Year Matured</u>	<u>Balance June 30, 2020</u>
1998 Series A	4.30% - 5.35%	2023	\$ 1,256,077	\$ -	\$ 329,290	\$ 926,787
2002 Series A	3.00% - 5.73%	2028	12,794,587	-	1,665,417	11,129,170
2002 Series B	2.50% - 5.56%	2030	6,233,849	-	-	6,233,849
2007 Series A	4.00% - 5.00%	2033	33,202,966	-	1,216,053	31,986,913
2007 Series B	2.00% - 6.50%	2036	40,736,919	-	31,090,939	9,645,980
2012 Series A	4.00% - 5.00%	2039	20,880,000	-	-	20,880,000
2014 GO Refunding	2.75% - 5.00%	2030	17,915,000	-	2,385,000	15,530,000
2012 Series B	3.25% - 5.00%	2041	27,880,000	-	250,000	27,630,000
2015 GO Refunding	2.00% - 5.00%	2023	9,480,000	-	1,965,000	7,515,000
2014 GO Refunding	2.00% - 5.00%	2041	28,260,000	-	165,000	28,095,000
2017 GO Refunding	2.50% - 5.00%	2036	30,290,000	-	-	30,290,000
2014 Series B	1.50% - 5.00%	2042	81,585,000	-	1,565,000	80,020,000
2014 Series C	3.5% - 5.0%	2044	95,000,000	-	1,950,000	93,050,000
2007 Series D	4.0% - 5.0%	2045	-	150,000,000	-	150,000,000
			<u>\$ 405,514,398</u>	<u>\$ 150,000,000</u>	<u>\$ 42,581,699</u>	<u>\$ 512,932,699</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 9,268,627	\$ 24,436,219	\$ 33,704,846
2022	11,035,550	23,672,867	34,708,417
2023	12,751,746	23,646,629	36,398,375
2024	10,856,429	26,137,903	36,994,332
2025	11,878,169	26,392,987	38,271,156
2026-2030	65,148,547	137,837,493	202,986,040
2031-2035	85,788,631	117,353,303	203,141,934
2036-2040	137,640,000	50,246,356	187,886,356
2041-2045	168,565,000	15,904,513	184,469,513
	<u>\$ 512,932,699</u>	<u>\$ 445,628,270</u>	<u>\$ 958,560,969</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, 2020.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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%.

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, 2020, the accumulated depreciation related to these assets totaled \$4,503,535. The following is a schedule of the future payments for the capital lease:

Year Ending <u>June 30,</u>	<u>Payments</u>
2021	\$ 316,965
2022	316,965
2023	316,965
2024	<u>316,965</u>
	1,267,860
Less amount representing interest	<u>(103,222)</u>
	<u><u>\$ 1,164,638</u></u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2020 is shown below:

<u>Governmental Activities:</u>	Balance July 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2020	Amounts Due Within One Year
<u>Debt</u>					
Certificates of Participation	\$ 6,455,000	\$ -	\$ 3,150,000	\$ 3,305,000	\$ 3,305,000
General Obligation Bonds	405,514,398	150,000,000	42,581,699	512,932,699	9,268,627
Unamortized premium	21,115,895	13,217,892	1,643,220	32,690,567	1,323,893
Accreted interest on General Obligation Bonds	61,160,672	6,665,788	4,068,300	63,758,160	4,571,374
Capitalized lease obligation	1,431,701	-	267,063	1,164,638	276,371
 <u>Other Long-Term Liabilities:</u>					
Total OPEB liability (Note 9)	24,222,206	-	3,419,567	20,802,639	-
Net pension liability (Notes 7 and 8)	235,478,332	3,297,425	-	238,775,757	-
Compensated absences	1,137,330	174,264	-	1,311,594	1,311,594
	<u>\$ 756,515,534</u>	<u>\$ 173,355,369</u>	<u>\$ 55,129,849</u>	<u>\$ 874,741,054</u>	<u>\$ 20,056,859</u>
 <u>Business-Type Activities:</u>					
	Balance July 1, 2019	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2020	Amounts Due Within One Year
Net pension liability (Notes 7 and 8)	<u>\$ 2,242,668</u>	<u>\$ 285,575</u>	<u>\$ -</u>	<u>\$ 2,528,243</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, 2020

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2020 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 75,000	\$ -	\$ -	\$ 10,000	\$ 85,000
Prepaid expenditures	<u>383,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>383,414</u>
Subtotal nonspendable	<u>458,414</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>468,414</u>
Restricted:					
Legally restricted programs:					
Grants	6,936,003	-	-	-	6,936,003
Cafeteria	-	-	-	2,717,803	2,717,803
Adult education	-	-	-	1,183,206	1,183,206
Deferred maintenance	-	-	-	1,292,371	1,292,371
Other legally restricted programs	-	-	-	421,577	421,577
Capital projects	-	165,272,781	-	36,615,059	201,887,840
Debt service	<u>-</u>	<u>-</u>	<u>32,771,543</u>	<u>-</u>	<u>32,771,543</u>
Subtotal restricted	<u>6,936,003</u>	<u>165,272,781</u>	<u>32,771,543</u>	<u>42,230,016</u>	<u>247,210,343</u>
Committed:					
EL/LI	<u>4,508,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,508,330</u>
Assigned:					
Career technical education	1,866,554	-	-	-	1,866,554
Local grant carryover	942,023	-	-	-	942,023
Intel donations	814,734	-	-	-	814,734
Special education apportionment	1,504,664	-	-	-	1,504,664
2020-21 expenditures	4,344,141	-	-	-	4,344,141
2021-22 expenditures	7,043,561	-	-	-	7,043,561
Pension obligations	7,500,000	-	-	-	7,500,000
Set-aside for charter schools	2,800,000	-	-	-	2,800,000
Other assignments	<u>4,029,344</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,029,344</u>
Subtotal assigned	<u>30,845,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,845,021</u>
Unassigned:					
Designated for economic uncertainty	<u>7,350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,350,000</u>
Total fund balances	<u>\$ 50,097,768</u>	<u>\$ 165,272,781</u>	<u>\$ 32,771,543</u>	<u>\$ 42,240,016</u>	<u>\$ 290,382,108</u>

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

CalSTRS calculates retirement benefits based on one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of service, or for classroom teachers with less than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. 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.

(Continued)

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

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.

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 requires 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 2020–21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit 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% less than the statutory rate for fiscal year 2020-21 and 2.18% 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 CalSTRS 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.

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2019-20. 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 2019-20.

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

Employers – 17.10 percent of applicable member earnings. This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

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

The CalSTRS employer contribution rate increases effective for fiscal year 2019-20 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
July 01, 2019	8.25%	9.88%	18.13% ⁽¹⁾
July 01, 2020	8.25%	10.85%	19.10% ⁽²⁾
July 01, 2021 to June 30, 2046	8.25%	(3)	(3)
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

- (1) This rate does not reflect the reduction of employer contributions to be paid by the employer for fiscal year 2019-20 by 1.03 percentage points pursuant to SB 90.
- (2) This rate does not reflect the reduction of employer contributions to be paid by the employer for fiscal year 2020-21 by 2.95 percentage points pursuant to SB 90 and AB 84.
- (3) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down 1% each year, but no higher than 20.25% total and no lower than 8.25%.

The District contributed \$16,968,528 to the plan for the fiscal year ended June 30, 2020.

State – 10.328 percent of the members’ creditable earnings from the fiscal year ending in the prior calendar year.

Also as a result of AB 1469, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specific in subdivision (b) of Education Code Section 22955.1. The increased contributions end as of fiscal year 2045-2046.

The state’s base contribution to the Defined Benefit Program is calculated based on creditable compensation from two fiscal years prior. The state rate increased to 5.811% on July 1, 2020, to continue paying down the unfunded liabilities associated with the benefits structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. Additionally, the enactment of SB 90 will result in future supplemental contributions to be made by the state to pay down its portion of the unfunded actuarial obligation of the Defined Benefit Program in fiscal years 2020–20 through 2022–23.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

The CalSTRS state contribution rates effective for fiscal year 2019-20 and beyond are summarized in the table below.

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total State Appropriation to DB Program</u>
July 01, 2019	2.017%	5.811%	2.50%	10.328%
July 01, 2020	2.017%	5.811% ⁽²⁾	2.50%	10.328% ⁽³⁾
July 01, 2021 to June 30, 2046	2.017%	(4)	2.50%	(4)
July 01, 2046 and thereafter	2.017%	(5)	2.50%	4.517% ⁽⁵⁾

- (1) This rate does not include the \$72 million reduction in accordance with Education Code Section 22954.
- (2) In May 2020, the board of CalSTRS exercised its limited authority to increase the state contribution rate by 0.5 percent of the payroll effective July 1, 2019. However, pursuant to AB 84, the state suspended the board's rate setting authority for state contributions for fiscal year 2020-21, thereby negating the board's rate increase of 0.5%.
- (3) This rate does not include the \$2.2 billion supplemental state contribution on behalf of employers pursuant to SB 90.
- (4) The CalSTRS board has limited authority to adjust state contribution rates annually through June 30, 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0 percent.
- (5) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining 1990 unfunded actuarial obligation.

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

At June 30, 2020, 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	\$ 166,062,000
State's proportionate share of the net pension liability associated with the District	<u>90,598,000</u>
Total	<u>\$ 256,660,000</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the District's proportion was 0.184 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2018.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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

For the year ended June 30, 2020, the District recognized pension expense of \$37,578,831 and revenue of \$15,245,530 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 419,000	\$ 4,679,000
Changes of assumptions	21,003,000	-
Net differences between projected and actual earnings on investments	-	6,397,000
Changes in proportion and differences between District contributions and proportionate share of contributions	13,761,000	7,132,000
Contributions made subsequent to measurement date	<u>16,968,528</u>	<u>-</u>
Total	<u>\$ 52,151,528</u>	<u>\$ 18,208,000</u>

\$16,968,528 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, 2021. 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 <u>June 30,</u>	
2021	\$ 4,969,000
2022	\$ 536,000
2023	\$ 5,860,000
2024	\$ 5,362,000
2025	\$ 812,500
2026	\$ (564,500)

Differences between expected and actual experience, change in proportion, and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2019 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, 2020

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the CalSTRS board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB1469. 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.

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

	1% Decrease <u>(6.10%)</u>	Current Discount <u>Rate (7.10%)</u>	1% Increase <u>(8.10%)</u>
District’s proportionate share of the net pension liability	<u>\$ 247,280,000</u>	<u>\$ 166,062,000</u>	<u>\$ 98,717,000</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.

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-2019.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.

(Continued)

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

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 agencies first join the 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, 2020 were as follows:

Members - The member contribution rate was 7.00 percent of applicable member earnings for fiscal year 2019-20.

Employers - The employer contribution rate was 18.06 percent of applicable member earnings.

The District contributed \$7,225,614 to the plan for the fiscal year ended June 30, 2020.

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

At June 30, 2020, the District reported a liability of \$75,242,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019, the District’s proportion was 0.258 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2018.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

For the year ended June 30, 2020, the District recognized pension expense of \$14,700,136. June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 5,466,000	\$ -
Changes of assumptions	3,582,000	-
Net differences between projected and actual earnings on investments	-	698,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,026,000	132,000
Contributions made subsequent to measurement date	<u>7,225,614</u>	<u>-</u>
Total	<u>\$ 17,299,614</u>	<u>\$ 830,000</u>

\$7,225,614 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>June 30,</u>	
2021	\$ 6,741,584
2022	\$ 1,459,583
2023	\$ 845,083
2024	\$ 197,750

Differences between expected and actual experience, changes in proportion and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2019 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, 2020

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
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, 2018 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⁽¹⁾</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

⁽¹⁾ An expected inflation rate of 2.00% used for this period

⁽²⁾ An expected inflation rate of 2.92% used for this period

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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 cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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	<u>\$ 108,456,000</u>	<u>\$ 75,242,000</u>	<u>\$ 47,688,000</u>

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

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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, 2020 the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020:

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

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

Contributions to the Plan from the District were \$6,310,318 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

Total OPEB Liability

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

Actuarial Assumptions: The total 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, 2019
Fiscal Year End	June 30
Actuarial Value of Assets	Market Value
Mortality Rate	2009 CalSTRS and 2014 CalPERS Mortality Tables
Discount Rate	3.5%. Based on the Bond Buyer 20-Bond Index.
Assumed Investment Return	Not applicable since the plan is unfunded.
Retirement Rate	Retirement rates march 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).

Changes in total OPEB liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ <u>24,222,206</u>
Changes for the year:	
Service cost	2,709,393
Interest	952,801
Differences between actual and expected experience	(3,204,357)
Changes in assumptions	(2,870,996)
Benefit payments	<u>(1,006,408)</u>
Net change	<u>(3,419,567)</u>
Balance at June 30, 2020	\$ <u><u>20,802,639</u></u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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

The changes in assumptions include a change in the discount rate from 3.80% at June 30, 2018 measurement date, to 3.50% in the June 30, 2019 actuary report.

There were no changes between the measurement date and the year ended June 30, 2020 which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total 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 <u>(2.50%)</u>	Current Discount <u>Rate (3.50%)</u>	1% Increase <u>(4.50%)</u>
Total OPEB liability	\$ 21,926,332	\$ 20,802,639	\$ 19,756,614

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total 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%)</u>	Healthcare Cost Trend Rates <u>Rate (4%)</u>	1% Increase <u>(5%)</u>
Total OPEB liability	\$ 20,127,178	\$ 20,802,639	\$ 21,301,677

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$3,125,990. At June 30, 2020, 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
Changes of assumptions	\$ -	\$ 3,111,053
Net differences between projected and actual earnings on investments	-	3,465,671
Benefits paid subsequent to measurement date	<u>6,310,318</u>	<u>-</u>
Total	<u>\$ 6,310,318</u>	<u>\$ 6,576,724</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020

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>		
2021	\$	(536,204)
2022	\$	(536,204)
2023	\$	(536,204)
2024	\$	(536,204)
2025	\$	(536,204)
Thereafter	\$	(3,895,704)

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, 2019 measurement date.

\$6,310,318 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020.

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, 2019 and SIA as of June 30, 2020 (the latest information available).

	<u>SELF</u>	<u>SIA</u>
Total assets	\$ 121,323,694	\$ 196,612,352
Deferred outflows of resources	\$ 423,181	\$ 1,899,536
Total liabilities	\$ 101,851,136	\$ 82,789,071
Deferred inflows of resources	\$ 31,467	\$ 782,679
Net position	\$ 19,864,272	\$ 114,940,138
Total revenues	\$ 25,735,366	\$ 78,904,293
Total expenses	\$ 23,968,407	\$ 58,333,119

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.

(Continued)

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, 2020, the District has \$48.2 million in outstanding commitments on construction contracts.

NOTE 12 – COVID-19 PANDEMIC

In December 2019, a novel strain of coronavirus surfaced (COVID-19) and spread around the world, with resulting business and social disruption. In response to the pandemic and in compliance with various state and local ordinances, the District closed physical campuses and transitioned to a distance learning model. On March 13, 2020, the Governor of California issued Executive Order N-26 – 20, guaranteeing state funding to support the continued payment of salaries and benefits to all employees through June 30, 2020.

The operations and business results of the District could be adversely affected in the future including a reduction in the level of funding and impact to the timing of cash flows. In addition, significant estimates may be adversely impacted by national, state and local events designed to contain the coronavirus. Debt ratings for outstanding issuances may further be impacted. For the 2021 school year, the District is offering instruction in formats consistent with local health guidelines. Throughout the pandemic the District has put into practice a number of safety measures to protect students and employees and will continue to revise them as needed.

NOTE 13 - SUBSEQUENT EVENTS

In October 2020, the District issued 2020 General Obligation Refunding Bonds, Series A, SFID 2, in the amount of \$7,150,000. The 2020 General Obligation Refunding Bonds, Series A are being issued to refund 2014 General Obligation Refunding Bonds. The refunding bonds bear an interest rate of 2.0% and mature on October 1, 2029.

In October 2020, the District issued 2020 General Obligation Refunding Bonds, Series B, SFID 4 in the amount of \$24,015,000. The 2020 General Obligation Refunding Bonds, Series B are being issued to refund 2012 General Obligation Bonds, Series A and 2014 General Obligation Refunding Bonds. The refunding bonds bear an interest rate ranging from 2.05% to 3.0% and mature on October 1, 2038.

REQUIRED SUPPLEMENTARY INFORMATION

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2020

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 126,022,206	\$ 120,570,799	\$ 120,570,799	\$ -
Local sources	<u>57,899,430</u>	<u>64,632,821</u>	<u>64,632,821</u>	<u>-</u>
Total LCFF	<u>183,921,636</u>	<u>185,203,620</u>	<u>185,203,620</u>	<u>-</u>
Federal sources	9,266,395	8,308,911	8,308,911	-
Other state sources	24,899,951	35,185,447	35,185,447	-
Other local sources	<u>5,685,753</u>	<u>7,203,460</u>	<u>6,175,879</u>	<u>(1,027,581)</u>
Total revenues	<u>223,773,735</u>	<u>235,901,438</u>	<u>234,873,857</u>	<u>(1,027,581)</u>
Expenditures:				
Current:				
Certificated salaries	100,993,732	99,069,503	99,069,503	-
Classified salaries	36,842,819	35,676,983	35,676,983	-
Employee benefits	52,203,109	55,140,380	55,140,380	-
Books and supplies	11,262,115	8,417,549	8,417,549	-
Contract services and operating expenditures	22,778,067	21,817,502	14,317,502	7,500,000
Other outgo	851,500	1,036,707	1,012,215	24,492
Capital outlay	4,165,144	3,276,819	16,514,512	(13,237,693)
Debt service:				
Principal retirement	270,895	270,895	270,895	-
Interest	<u>50,288</u>	<u>50,288</u>	<u>50,288</u>	<u>-</u>
Total expenditures	<u>229,417,669</u>	<u>224,756,626</u>	<u>230,469,827</u>	<u>(5,713,201)</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(5,643,934)</u>	<u>11,144,812</u>	<u>4,404,030</u>	<u>(6,740,782)</u>
Other financing sources (uses):				
Transfers in	434,395	439,884	415,392	(24,492)
Transfers out	<u>(1,965,000)</u>	<u>(1,150,000)</u>	<u>(1,150,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,530,605)</u>	<u>(710,116)</u>	<u>(734,608)</u>	<u>(24,492)</u>
Net change in fund balance	<u>(7,174,539)</u>	<u>10,434,696</u>	<u>3,669,422</u>	<u>(6,765,274)</u>
Fund balance, July 1, 2019	<u>46,428,346</u>	<u>46,428,346</u>	<u>46,428,346</u>	<u>-</u>
Fund balance, June 30, 2020	<u>\$ 39,253,807</u>	<u>\$ 56,863,042</u>	<u>\$ 50,097,768</u>	<u>\$ (6,765,274)</u>

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
FUNDING PROGRESS
For the year ended June 30, 2020

Last 10 Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 2,676,927	\$ 2,750,543	\$ 2,709,393
Interest	714,990	873,210	952,801
Differences between actual and expected experience	-	-	(3,204,357)
Change in assumptions	-	(539,231)	(2,870,996)
Benefit payments	<u>(896,667)</u>	<u>(932,534)</u>	<u>(1,006,408)</u>
Net change in total OPEB liability	2,495,250	2,151,988	(3,419,567)
Total OPEB liability, beginning of year	<u>19,574,968</u>	<u>22,070,218</u>	<u>24,222,206</u>
Total OPEB liability, end of year	<u>\$ 22,070,218</u>	<u>\$ 24,222,206</u>	<u>\$ 20,802,639</u>
Covered employee payroll	\$ 113,067,000	\$ 116,176,000	\$ 125,803,156
Total OPEB liability as a percentage of			

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, 2020

	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>
District's proportion of the net pension liability	0.171%	0.170%	0.178%	0.172%	0.185%	0.184%
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
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>
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>
District's covered payroll	\$ 76,273,000	\$ 78,993,000	\$ 88,645,000	\$ 91,229,000	\$ 99,069,000	\$ 100,487,000
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%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the year ended June 30, 2020

	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>
District's proportion of the net pension liability	0.246%	0.247%	0.252%	0.249%	0.255%	0.258%
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
District's covered payroll	\$ 27,356,000	\$ 27,356,000	\$ 30,238,000	\$ 31,792,000	\$ 34,238,000	\$ 35,759,000
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%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%

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 PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the year ended June 30, 2020

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>
Contractually required contribution	\$ 7,014,586	\$ 9,511,596	\$ 11,626,528	\$ 14,295,673	\$ 16,359,301	\$ 16,968,528
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>
Contribution deficiency (excess)	<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
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *

* This rate reflects the original employer contribution rate of 18.13% under AB1469, reduced for the 1.03% 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 PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the year ended June 30, 2020

	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>
Contractually required contribution	\$ 3,220,090	\$ 3,582,309	\$ 4,410,078	\$ 5,317,520	\$ 4,166,135	\$ 7,225,614
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,356,000	\$ 30,238,000	\$ 31,792,000	\$ 34,238,000	\$ 35,759,000	\$ 36,639,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	11.65%	19.72%

All years prior to 2015 are not available.

See accompanying notes to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - 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.

B - Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the District's Total 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 Total OPEB Liability.

C - 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.

D - 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.

E - Changes of Benefit Terms

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

F - Changes of Assumptions

The discount rate used for the total OPEB liability was 3.8 and 3.5 percent at the June 30, 2018 and 2019 measurement dates, respectively.

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

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Changes of Assumptions (Continued)

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

<u>Assumption</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%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.75%	3.75%

See accompanying notes to required supplementary information.

SUPPLEMENTARY INFORMATION

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2020

	Charter School Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
ASSETS									
Cash in County Treasury	\$ 103,208	\$ 750,076	\$ 1,087,011	\$ 1,476,242	\$ 1,361,954	\$ 26,206,517	\$ (2,010,563)	\$ 9,735,776	\$ 38,710,221
Cash in banks	-	24,689	-	695,938	-	349,490	-	21,083	1,091,200
Cash in revolving fund	10,000	-	-	-	-	-	-	-	10,000
Receivables	104,288	418,580	9,074	650,180	3,755	330,014	-	82,604	1,598,495
Due from other funds	109,371	-	-	-	-	5,410	3,602,912	-	3,717,693
Total assets	\$ 326,867	\$ 1,193,345	\$ 1,096,085	\$ 2,822,360	\$ 1,365,709	\$ 26,891,431	\$ 1,592,349	\$ 9,839,463	\$ 45,127,609
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 4,323	\$ 10,139	\$ 234,168	\$ 61,625	\$ 73,338	\$ 44,670	\$ 1,592,349	\$ 50,310	\$ 2,070,922
Unearned revenue	-	-	503,625	-	-	-	-	-	503,625
Due to other funds	232,921	-	16,338	42,932	-	-	-	20,855	313,046
Total liabilities	237,244	10,139	754,131	104,557	73,338	44,670	1,592,349	71,165	2,887,593
Fund balances:									
Nonspendable	10,000	-	-	-	-	-	-	-	10,000
Restricted	79,623	1,183,206	341,954	2,717,803	1,292,371	26,846,761	-	9,768,298	42,230,016
Total fund balance	89,623	1,183,206	341,954	2,717,803	1,292,371	26,846,761	-	9,768,298	42,240,016
Total liabilities and fund balances	\$ 326,867	\$ 1,193,345	\$ 1,096,085	\$ 2,822,360	\$ 1,365,709	\$ 26,891,431	\$ 1,592,349	\$ 9,839,463	\$ 45,127,609

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, 2020

	Charter School Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Total
Revenues:									
LCFF:									
State apportionment	\$ 755,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 755,416
Local sources	409,330	-	-	-	650,566	-	-	-	1,059,896
Total LCFF	1,164,746	-	-	-	650,566	-	-	-	1,815,312
Federal sources	-	249,589	-	4,010,716	-	-	-	-	4,260,305
Other state sources	132,327	928,052	1,704,720	295,069	-	1,317	-	-	3,061,485
Other local sources	6,529	346,157	11,436	1,194,497	12,289	12,401,480	-	435,197	14,407,585
Total revenues	1,303,602	1,523,798	1,716,156	5,500,282	662,855	12,402,797	-	435,197	23,544,687
Expenditures:									
Current:									
Certificated salaries	644,729	777,521	52,455	-	-	658	-	-	1,475,363
Classified salaries	66,019	246,049	1,032,869	2,030,697	60,590	482,211	-	-	3,918,435
Employee benefits	288,558	372,894	426,231	680,333	28,148	175,001	-	-	1,971,165
Books and supplies	48,387	22,914	68,979	2,661,951	148,318	3,427	-	-	2,953,976
Contract services and operating expenditures	291,085	29,653	57,765	185,799	805,265	157,073	-	80,796	1,607,436
Capital outlay	-	-	-	206,176	1,220,828	2,163,802	23,565,240	51,804	27,207,850
Debt service:									
Principal retirement	-	-	1,881	-	-	3,144,287	-	-	3,146,168
Interest	-	-	183	-	-	317,650	-	-	317,833
Total expenditures	1,338,778	1,449,031	1,640,363	5,764,956	2,263,149	6,444,109	23,565,240	132,600	42,598,226
(Deficiency) excess of revenues (under) over expenditures	(35,176)	74,767	75,793	(264,674)	(1,600,294)	5,958,688	(23,565,240)	302,597	(19,053,539)
Other financing sources (uses):									
Transfers in	-	-	2,074	-	950,000	98,164	23,829,111	200,000	25,079,349
Transfers out	-	-	(67,113)	(229,578)	-	-	(274,199)	-	(570,890)
Total other financing sources (uses)	-	-	(65,039)	(229,578)	950,000	98,164	23,554,912	200,000	24,508,459
Net change in fund balances	(35,176)	74,767	10,754	(494,252)	(650,294)	6,056,852	(10,328)	502,597	5,454,920
Fund balances, July 1, 2019	124,799	1,108,439	331,200	3,212,055	1,942,665	20,789,909	10,328	9,265,701	36,785,096
Fund balances, June 30, 2020	\$ 89,623	\$ 1,183,206	\$ 341,954	\$ 2,717,803	\$ 1,292,371	\$ 26,846,761	\$ -	\$ 9,768,298	\$ 42,240,016

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES
 IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 For the year ended June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
Student Body				
<u>High Schools</u>				
Assets:				
Cash on hand and in banks	\$ 1,019,849	\$ 1,557,571	\$ 1,562,138	\$ 1,015,282
Liabilities:				
Due to student groups	\$ 1,019,849	\$ 1,557,571	\$ 1,562,138	\$ 1,015,282
<u>Middle Schools</u>				
Assets:				
Cash on hand and in banks	\$ 468,540	\$ 206,855	\$ 267,358	\$ 408,037
Liabilities:				
Due to student groups	\$ 468,540	\$ 206,855	\$ 267,358	\$ 408,037
<u>Elementary Schools</u>				
Assets:				
Cash on hand and in banks	\$ 223,063	\$ 577,794	\$ 597,726	\$ 203,131
Liabilities:				
Due to student groups	\$ 223,063	\$ 577,794	\$ 597,726	\$ 203,131
Total Student Body Funds				
Assets:				
Cash on hand and in banks	\$ 1,711,452	\$ 2,342,220	\$ 2,427,222	\$ 1,626,450
Liabilities:				
Due to student groups	\$ 1,711,452	\$ 2,342,220	\$ 2,427,222	\$ 1,626,450

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2020

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>
Chris Clark	President	2020
Ed Short	Vice President	2022
David Reid	Clerk	2022
JoAnne Reinking	Member	2020
Joshua Hoover	Member	2022

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 AVERAGE DAILY ATTENDANCE
 For the year ended June 30, 2020

	<u>Second Period Report</u>	<u>Annual Report</u>
DISTRICT		
Certificate Numbers	A5198176	243ABEE9
Elementary:		
Transitional Kindergarten through Third	5,866	5,866
Fourth through Sixth	4,383	4,383
Seventh and Eighth	<u>3,024</u>	<u>3,024</u>
Subtotal Elementary	<u>13,273</u>	<u>13,273</u>
Secondary:		
Ninth through Twelfth	<u>6,352</u>	<u>6,352</u>
District Totals	<u><u>19,625</u></u>	<u><u>19,625</u></u>
CHARTER SCHOOL		
Certificate Numbers	9848B708	90F3E8A6
Folsom Cordova Community Charter School (Nonclassroom Based):		
Transitional Kindergarten through Third	48	48
Fourth through Sixth	57	57
Seventh and Eighth	<u>32</u>	<u>32</u>
Charter School Total	<u><u>137</u></u>	<u><u>137</u></u>

See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 For the year ended June 30, 2020

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>2019-20 Actual Minutes</u>	<u>Number of Days Traditional of Days</u>	<u>Status</u>
DISTRICT				
Kindergarten	36,000	43,621	180	In Compliance
Grade 1	50,400	54,348	180	In Compliance
Grade 2	50,400	54,348	180	In Compliance
Grade 3	50,400	54,348	180	In Compliance
Grade 4	54,000	54,348	180	In Compliance
Grade 5	54,000	54,348	180	In Compliance
Grade 6	54,000	61,960	180	In Compliance
Grade 7	54,000	61,960	180	In Compliance
Grade 8	54,000	61,960	180	In Compliance
Grade 9	64,800	65,273	180	In Compliance
Grade 10	64,800	65,273	180	In Compliance
Grade 11	64,800	65,273	180	In Compliance
Grade 12	64,800	65,273	180	In Compliance

See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 For the year ended June 30, 2020

Federal Catalog 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	\$ 3,008,958
84.173	Special Education: IDEA Preschool Staff Development, Part B, Section 619	13431	95,430
84.173A	Special Education: IDEA Preschool Staff Development, Part B, Section 619	13430	1,000
84.027	Special Ed: Alternate Dispute Resolution, Part B, Sec 611	13007	15,822
84.027A	Special Education: IDEA Mental Health Services	14468	<u>229,358</u>
	Subtotal Special Education Cluster		<u>3,350,568</u>
Adult Education Programs:			
84.002A	Adult Education: Adult Basic Education & ESL	14508	79,312
84.002	Adult Education: Adult Secondary Education	13978	103,174
84.002A	Adult Education: English Literacy & Civics Education Local Grant	14109	<u>67,103</u>
	Subtotal Adult Education Programs		<u>249,589</u>
ESEA: Title IV, Part A Programs:			
84.424	ESEA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	15146	225,324
84.424	ESEA Title IV, Part A, Student Support and Academic Enrichment Grants	15396	<u>187,626</u>
	Subtotal ESEA: Title IV, Part A Programs		<u>412,950</u>
ESEA: Title II Programs:			
84.365	ESEA: Title III, Immigrant Education Pgoram	15146	55,395
84.365	ESEA: Title III, English Learner Student Pgoram	14346	<u>274,459</u>
	Subtotal ESEA: Title III Programs		<u>329,854</u>
ESEA: Title I Programs			
84.010	ESEA: Title I, Part A, Basic Grants Low-Income	14329	2,297,827
84.010A	ESEA: Title I, Comprehensive Support and Improvement	14580	<u>90,655</u>
	Subtotal ESEA: Title I Programs		<u>2,388,482</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the year ended June 30, 2020

Federal Catalog 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 (continued)</u>			
84.377A	ESEA: Title I, School Improvement Grant (SIG)	15364	\$ 811,633
84.048	Carl D.Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	114,907
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	621,086
84.181	Special Education: IDEA Early Intervention Grants, Part C	23761	<u>91,745</u>
Total U.S. Department of Education			<u>8,370,814</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	<u>149,440</u>
Total U.S. Department of Health and Human Services			<u>149,440</u>
<u>U.S. Department of Defense - Passed through California Department of Education</u>			
10.555	Child Nutrition: School Programs: Child Nutrition Cluster	13391	3,800,127
10.558	Child Nutrition: CACFP Claims - Centers and Family Day Care	13393	<u>210,589</u>
Total U.S. Department of Agriculture			<u>4,010,716</u>
Total Federal Programs			<u>\$ 12,530,970</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, 2020

	<u>General Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Student Care Center Fund</u>
June 30, 2020 Unaudited Actual Financial Reporting Ending Fund Balance:	\$ 42,597,768	\$ 28,646,840	\$ 623,308
To record Cash with Fiscal Agent related the District's pension trust	7,500,000	-	-
To correct debt issuance premiums recorded by the Sacramento County Treasurer	-	4,124,703	-
Client requested adjustment for GASB 68	-	-	(30,381)
June 30, 2020 Audit Financial Statements Ending Fund Balance	<u>\$ 50,097,768</u>	<u>\$ 32,771,543</u>	<u>\$ 592,927</u>

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

See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 For the year ended June 30, 2020
 (Unaudited)

	(Budgeted) <u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 221,889,663	\$ 235,289,249	\$ 250,579,196	\$ 211,023,098
Expenditures	235,547,427	230,469,827	230,171,785	213,341,633
Other uses and transfers out	<u>1,260,289</u>	<u>1,150,000</u>	<u>1,172,118</u>	<u>1,150,000</u>
Total outgo	<u>236,807,716</u>	<u>231,619,827</u>	<u>231,343,903</u>	<u>214,491,633</u>
Change in fund balance	\$ <u>(14,918,053)</u>	\$ <u>3,669,422</u>	\$ <u>19,235,293</u>	\$ <u>(3,468,535)</u>
Ending fund balance	\$ <u>35,179,715</u>	\$ <u>50,097,768</u>	\$ <u>46,428,346</u>	\$ <u>27,193,053</u>
Available reserves	\$ <u>7,350,000</u>	\$ <u>7,350,000</u>	\$ <u>6,945,000</u>	\$ <u>7,509,613</u>
Designated for economic uncertainties	\$ <u>7,350,000</u>	\$ <u>7,350,000</u>	\$ <u>6,945,000</u>	\$ <u>6,800,000</u>
Undesignated fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>709,613</u>
Available reserves as percentages of total outgo	<u>3.10%</u>	<u>3.17%</u>	<u>3.00%</u>	<u>3.50%</u>
<u>All Funds</u>				
Total long-term liabilities	\$ <u>854,684,195</u>	\$ <u>874,741,054</u>	\$ <u>756,515,534</u>	\$ <u>746,416,304</u>
Average daily attendance at P-2	<u>19,625</u>	<u>19,625</u>	<u>19,559</u>	<u>19,349</u>

The General Fund fund balance has increased by \$19,436,180 over the past three years. The fiscal year 2020-2021 budget projects a decrease of \$14,918,053. 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 two of the past three years and anticipates incurring an operating deficit during the fiscal year 2020-2021.

Total long-term liabilities have increased by \$128,324,750 over the past two years, primarily due to debt issuance and recognition of net pension liability.

Average daily attendance has increased by 276 over the past two years. No change in ADA is projected for the 2020-2021 fiscal year.

See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the year ended June 30, 2020

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

See accompanying notes to supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
For the year ended June 30, 2020

	First 5 <u>Sacramento</u>
Revenues	
Other local sources	\$ <u>376,065</u>
Expenditures:	
Current:	
Cetificated salaries	80,712
Classified salaries	177,834
Employee benefits	84,759
Books and supplies	9,985
Contract services and operating expenditures	8,039
Indirect costs	<u>14,736</u>
Total expenditures	<u>376,065</u>
Net change in fund balance	-
Fund balances, July 1, 2019	<u>-</u>
Fund balances, June 30, 2020	<u><u>\$ -</u></u>

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. 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.

The District submitted a COVID-19 School Closure Certification with the State Superintendent of Public Instruction (SSPI) in connection with the effected school days impacted by COVID-19. The Certification was submitted to the SSPI on June 25, 2020.

C - 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.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represents Federal funds that have been recorded as revenues that have not been expended by June 30, 2020.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 12,569,216
Medi-Cal Billing Option funds received in excess of expenditures	93.778	<u>(38,246)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 12,530,970</u>

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

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

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2020

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

E - 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 2020-2021 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

G - Schedule of First 5 Revenues and Expenditures

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2020, 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 Folsom, 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 2019-20 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, 2020.

<u>Description</u>	<u>Procedures Performed</u>
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Charter Schools – Attendance	Yes
Charter Schools – Mode of Instruction	No, see below
Charter Schools – Nonclassroom-Based Instruction/Independent Study	Yes
Charter Schools – Determination of Funding for Nonclassroom-Based Instruction	Yes
Charter Schools – Annual Instructional Minutes – Classroom-Based	No, see below
Charter Schools – 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.

We did not perform any procedures related to Juvenile Court Schools because the District did not operate this program.

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

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.

We did not perform any procedures related to Before School Education and Safety Program because the District did not operate a Before School Program.

We did not perform any procedures related to Independent Study - Course Based because the District had no independent study - course based ADA.

We did not perform any procedures related to Mode of Instruction, for charter schools and Annual Instructional Minutes - Classroom-Based, for charter schools, because the District's charter school had no classroom-based ADA.

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 *2019-20 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.

(Continued)

Basis for Qualified Opinion on Compliance with State Laws and Regulations

As described in Findings 2020-002 in the accompanying Schedule of Audit Findings and Questioned Costs, Folsom Cordova Unified School District did not comply with requirements regarding Instructional Materials. Compliance with such requirements is necessary, in our opinion, for Folsom Cordova Unified School District to comply with the requirements applicable to the state laws and regulations applicable to Instructional Materials.

Qualified Opinion on Compliance with State Laws and Regulations

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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, 2020.

Other Matter

Folsom Cordova Unified School District's response to the noncompliance 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 our audit of compliance and, accordingly, we express no opinion on it.

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 *2019-20 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
March 16, 2021

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 Folsom, 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, 2020, 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 March 16, 2021.

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 2020-001.

(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
March 16, 2021

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

Board of Education
Folsom Cordova Unified School District Folsom, 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, 2020. 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, 2020.

(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
March 16, 2021

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 Folsom, 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, 2020.

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, 2020.


Crowe LLP

Sacramento, California
March 16, 2021

FINDINGS AND RECOMMENDATIONS

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2020

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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173, 84.173A 84.010	Special Education Cluster ESEA: Title I, Part A, Basic Grants Low-Income and Neglected

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

STATE AWARDS

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

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 - 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.

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2020-002 – STATE COMPLIANCE – INSTRUCTION MATERIALS (70000)

Criteria

California Education Code Section 60119 (1)(B) requires the District to hold a public hearing on or before the end of the eighth week from the first day pupils attend school for that year.

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 2020 instructional school year.

Effect

The District has not complied with State requirements.

Cause

The District held the required public hearing on the sufficiency of instructional materials after the eighth week of the school year.

Fiscal Impact

Not determinable.

Recommendation

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

Views of Responsible Officials and Planned Corrective Action

The error occurred during a transition in staffing. The District has created clear duty statements for the position responsible for this task and has developed an annual board agenda item/public hearing list to ensure all required items/hearings are scheduled.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2020

2019-001

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. Views of Responsible Officials and Planned Corrective Actions

Current Status: Not implemented, see current year finding 2020-001

2019-002

Condition: One student's agreement was signed after the student started school.

Recommendation: The District should ensure agreements are signed prior to start of school.

Current Status: Implemented.

2019-003

Condition: For one student selected for ELAS testing, they were listed on the 1.17 Report as ELAS however the District could not provide documentation to support the classification of ELAS.

Recommendation: The District should ensure that all appropriate documentation is retained and updated for all ELAS students included in the CalPADS 1.17 reports.

Current Status: Implemented.

2019-004

Condition: The ratio of independent study ADA to full-time equivalent certificated teachers in the Independent Study program exceeds the maximum ratio per State Law by 1.

Recommendation: The District should review the ratio periodically to ensure compliance.

Current Status: Implemented.

2019-005

Condition: At Folsom Community Charter, one student's agreement was signed after the student started school.

Recommendation: The District should ensure agreements are signed prior to start of school.

Current Status: Implemented.
