

**FOLSOM CORDOVA UNIFIED
SCHOOL DISTRICT**

**SCHOOL FACILITIES IMPROVEMENT DISTRICT #5
MEASURE G GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

June 30, 2024

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
Rancho Cordova, California

SCHOOL FACILITIES IMPROVEMENT DISTRICT #5
MEASURE G GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT
June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

We have conducted a performance audit of the Folsom Cordova Unified School District (the "District") Measure G General Obligation Bond funds for the year ended June 30, 2024.

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

Our audit was limited to the objectives listed on page 3 of this report which includes determining the compliance with the performance requirements for the Proposition 39 Measure G General Obligation Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Proposition 39 as they apply to the bonds and the net proceeds thereof. Management is responsible for Folsom Cordova Unified School District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal controls of Folsom Cordova Unified School District to determine the audit procedures that are appropriate for the purpose of providing a conclusion on the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express any assurance on the internal control.

The results of our procedures indicated that, in all significant respects, Folsom Cordova Unified School District expended Measure G General Obligation Bond funds for the year ended June 30, 2024 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.

Crowe LLP

Sacramento, California
December 11, 2024

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT #5
BACKGROUND INFORMATION

LEGISLATIVE HISTORY

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, "for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," upon approval by 55% of the electorate.

Education Code Section 15278 provides additional accountability measures:

1. A requirement that the school district establish and appoint members to an independent citizens' oversight committee.
2. A requirement that the school district expend bond funds only for the purposes described in Section 1(b)(3) of Article XIII A of the California Constitution and ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
3. A requirement to conduct an annual independent performance audit required by Section 1(b)(3)C of Article XIII A of the California Constitution.
4. A requirement to conduct an annual independent financial audit required by Section 1(b)(3)D of Article XIII A of the California Constitution.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT SCHOOL FACILITIES IMPROVEMENT DISTRICT #5, MEASURE G GENERAL OBLIGATION BONDS

On November 4, 2014, the electorate of Folsom Cordova Unified School District School Facilities Improvement District # 5 approved the \$195 million Measure G General Obligation Bonds, with greater than 55% of the votes in favor. The summarized text of the ballot language was as follows:

"To upgrade instructional technology, computer labs, student safety and security systems, construct, acquire, repair classrooms, sites, facilities/equipment to improve the quality of academic instruction in core subjects like math, science and writing, replace aging portable classrooms, and upgrade aging/inefficient electrical/HVAC systems to save money, shall Folsom Cordova Unified School District School Facilities Improvement District No. 5 issue \$195 million in bonds at legal rates with citizen oversight, annual audits, with all funds spent only in Folsom and no funds for administrators' salaries?"

All bond expenditures are subject to review by a Citizens' Oversight Committee which reports to the public, as provided in Education Code Section 15278 *et seq.*

The financial activity related to the Measure G General Obligation Bonds is recorded in Fund 22 (Building Fund) in the District's audited financial statements. Funds 22, 23 and 27 are combined to comprise Fund 21 (Building Fund) in the District's audited financial statements for the year ended June 30, 2024.

In July 2015 the District issued \$40,000,000 of Election of 2014 General Obligation Bonds, Series A. The bonds mature in varying amounts through October 2040 with interest rates from 2.0% to 5.0%.

In December 2016, the District issued \$60,000,000 of Election of 2014 General Obligation Bonds, Series B. The bond mature in varying amounts through October 2041 with interest rates from 3.0% to 5.0%.

In March 2018, the District issued \$95,000,000 of Election of 2014 General Obligation Bonds, Series C. The bond mature in varying amounts through October 2043 with interest rates from 3.5% to 5.0%.

Repayment of the bonds is made from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT #5
OBJECTIVES, SCOPE, METHODOLOGY AND CONCLUSION

OBJECTIVES

The objective of our performance audit was to determine that the District expended SFID #5, Measure G General Obligation Bond funds for the year ended June 30, 2024 only for the purposes approved by the voters and only on the specific projects developed by the District's Board of Education, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)C of Article XIII A of the California Constitution.

SCOPE

The District provided to us a list of all SFID #5, Measure G General Obligation Bond project expenditures for the year ended June 30, 2024 (the "List"). A total of \$10,218,463 in expenditures from July 1, 2023 through June 30, 2024 were identified.

METHODOLOGY

We performed the following procedures to the List of SFID #5, Measure G General Obligation Bond project expenditures for the year ended June 30, 2024:

- Verified the mathematical accuracy of the List.
- Reconciled the List to total bond expenditures as reported by the District in the District's audited financial statements for the year ended June 30, 2024, presented as the Building Fund.
- Selected a sample of 24 expenditures totaling \$5,399,606. The sample was selected to provide a representation across specific construction projects, vendors and expenditure amounts. The sample represented approximately 53% of the total expenditure value. Verified that the funds were generally expended for the construction, renovation, furnishing, and equipping of school facilities constituting authorized bond projects.

CONCLUSION

The results of our procedures indicated that, in all significant respects, Folsom Cordova Unified School District expended Measure G General Obligation Bond funds for the year ended June 30, 2024 only for the specific projects developed by the District's Board of Education and approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution.