

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the year ended June 30, 2025

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION.....	11
STATEMENT OF ACTIVITIES	12
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS.....	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
STATEMENT OF NET POSITION - PROPRIETARY FUND - STUDENT CARE CENTER FUND	17
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND - STUDENT CARE CENTER FUND	18
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - STUDENT CARE CENTER FUND	19
NOTES TO FINANCIAL STATEMENTS	20
REQUIRED SUPPLEMENTARY INFORMATION:	
GENERAL FUND BUDGETARY COMPARISON SCHEDULE	48
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY	49
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY.....	50
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS	52
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION	54

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the year ended June 30, 2025
(Continued)

CONTENTS

SUPPLEMENTARY INFORMATION:

COMBINING BALANCE SHEET - ALL NON-MAJOR FUNDS	55
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - ALL NON-MAJOR FUNDS.	56
SCHEDULE OF AVERAGE DAILY ATTENDANCE.....	57
SCHEDULE OF INSTRUCTIONAL TIME	58
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	59
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS.....	61
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS - UNAUDITED.....	62
SCHEDULE OF CHARTER SCHOOLS.....	63
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES.....	64
NOTES TO SUPPLEMENTARY INFORMATION	65

OTHER INFORMATION

ORGANIZATION	66
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS	67
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 <i>GOVERNMENT AUDITING STANDARDS</i>	71
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR ONE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AS REQUIRED BY THE UNIFORM GUIDANCE.....	73
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	76

FINDINGS AND RECOMMENDATIONS:

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS.....	78
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS.....	82

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements 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 and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Folsom Cordova Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Folsom Cordova Unified School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Folsom Cordova Unified School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Folsom Cordova Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Folsom Cordova Unified School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 10 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 48 to 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.

(Continued)

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 expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and 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. Such information is the responsibility of management and, except for that portion marked "unaudited", was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Organization page but does not include the basic financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Folsom Cordova Unified School District's internal control over financial reporting and compliance.


Crowe LLP

Sacramento, California
December 12, 2025

Management Discussion & Analysis

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

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

Financial Reports

Two financial reports are included in the audit this year, the *Statement of Net Position* and the *Statement of Activities*, which begin on page 11. These two statements report the district-wide financial condition and activities. The individual fund statements which focus on reporting the District's operations in more detail begin on page 15.

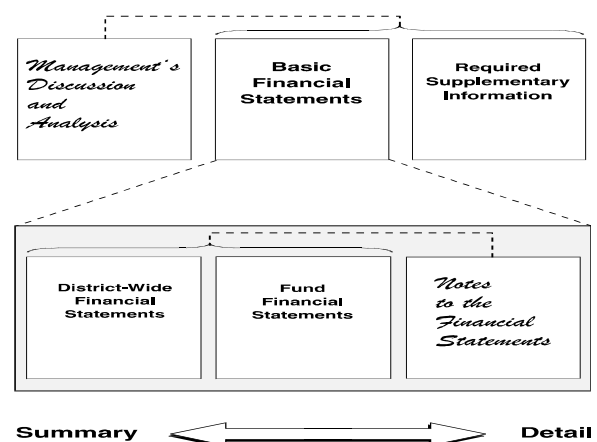
Overview of the Financial Statements

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

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

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

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



District-wide Statements

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

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

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

In the District-wide financial statements the District's activities are divided into two categories:

- *Governmental activities*—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*—The District charges fees to help it cover the costs of certain services it provides. The District's student care center is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

Statement of Net Position

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

	Governmental Activities		Percentage Change
	<u>2024</u>	<u>2025</u>	<u>2024-2025</u>
Current and other assets	\$345,401,782	\$417,930,091	
Capital assets	<u>722,206,407</u>	<u>718,909,241</u>	
Total assets	1,067,608,189	1,136,839,332	6.48%
Deferred outflows of resources	110,076,261	111,706,769	1.48%
Long-term debt outstanding	824,345,240	876,698,690	
Other liabilities	<u>26,126,099</u>	<u>37,380,968</u>	
Total liabilities	850,471,339	914,079,658	7.48%
Deferred inflows of resources	33,638,346	38,062,258	13.15%
Net investment in capital assets	305,475,916	272,429,070	
Restricted	199,068,505	212,811,515	
Unrestricted	<u>-210,969,656</u>	<u>-188,836,400</u>	
Total net position	\$293,574,765	\$296,404,185	0.96%

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>2024</u>	<u>2025</u>
Revenues		
Program Revenues:		
Charges for Services	\$23,532,131	\$16,372,188
Operating Grants and Contributions	91,589,752	90,898,147
Capital Grants and Contributions	18,693,021	0
General Revenues		
Taxes and Subventions	126,210,035	132,293,989
Federal and State Aid	165,568,637	170,795,700
Other	22,091,496	22,256,072
Total Revenues	<u>447,685,072</u>	<u>432,616,096</u>
Program Expenses		
Instruction	188,540,351	196,500,259
Instruction Related Services	42,452,485	43,418,269
Pupil Services	47,309,059	54,730,686
Ancillary Services	9,613,455	11,772,898
Data Processing	3,805,693	4,230,597
General Administration	25,277,723	18,211,116
Plant Services	66,988,864	73,125,957
Interest	23,218,308	24,990,223
Other	1,568,382	1,528,754
Enterprise activities	<u>2,079,678</u>	<u>1,277,917</u>
Total Expenses	<u>410,853,998</u>	<u>429,786,676</u>
Change in net position	36,831,074	2,829,420
Net Position – Beginning	<u>256,743,691</u>	<u>293,574,765</u>
Net Position – Ending	<u>\$293,574,765</u>	<u>\$296,404,185</u>

Financial Condition of General Fund

Folsom Cordova Unified School District remains committed to sustaining a strong and stable financial position. The table below provides a summary of the operational fund financial statements, reflecting the District's ongoing efforts to ensure fiscal responsibility and transparency.

	General Fund		Percentage Change
	<u>2024</u>	<u>2025</u>	<u>2024-2025</u>
Total Revenues	\$329,862,170	\$339,983,583	
Expenses	323,187,848	350,986,627	
Other financing sources	<u>(3,378,950)</u>	<u>(1,699,745)</u>	
Excess (deficiency) of revenues over (under) expenses	\$3,295,372	(\$12,702,789)	-485.47%

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 \$1,152,039,848 in modernization and construction from the following combined sources for 2024-2025.

	Governmental Activities		Percentage Change
	<u>2024</u>	<u>2025</u>	<u>2024-2025</u>
Land	\$47,003,802	\$47,003,802	
Work-in-process	92,992,972	22,624,095	
Improvement of sites	41,115,707	43,419,352	
Buildings	840,739,390	938,459,999	
Equipment	<u>93,729,072</u>	<u>100,532,600</u>	
Total	\$1,115,580,943	\$1,152,039,848	3.27%

District Indebtedness

The District's long-term liabilities primarily consist of General Obligation Bonds issued across multiple elections and refunding series to finance capital improvements and manage debt obligations. Since 2002, the District has issued several bond series with maturities extending through 2054 and interest rates ranging from approximately 1.50% to 8.0%. Key issuances include the 2002 and 2007 election bonds, subsequent refunding bonds in 2014, 2017, and 2020 to reduce interest costs, and major capital funding through the 2012 and 2014 elections. Most recently, in May 2025, the District issued Election of 2024 General Obligation Bonds, Series A, totaling \$36 million, with maturities through 2054. These actions reflect a strategic approach to financing long-term facility needs while leveraging refunding opportunities to optimize debt service costs.

	Governmental Activities		Percentage Change
	<u>2024</u>	<u>2025</u>	<u>2024-2025</u>
General Obligation Bonds	\$470,820,349	\$530,417,180	
Unamortized premium	27,146,124	28,631,272	
Accreted interest	67,704,206	65,291,788	
Lease obligations	0.00	0.00	
Net OPEB liability	10,625,365	10,825,393	
Net pension liability	246,561,739	239,670,000	
Compensated absences	<u>1,487,457</u>	<u>1,863,057</u>	
Total	\$824,345,240	\$876,698,690	6.35%

Estimated Actuals to Unaudited 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 Estimated Actuals to Unaudited Actual Revenues and Expenditures is as follows:

	<u>Estimated Actuals</u> <u>2025</u>	<u>Unaudited Actual</u> <u>2025</u>	<u>Percentage</u> <u>Variance</u>
Revenues			
LCFF	\$253,368,598	\$253,555,648	
Federal Revenues	11,039,275	10,484,417	
State Revenues	62,592,816	62,709,825	
Local Revenues	<u>12,127,292</u>	<u>12,468,982</u>	
Total Revenues	\$339,127,981	\$339,218,872	0.03%
Expenditures			
Salaries & Benefits	\$291,126,833	\$291,072,264	
Books & Supplies	15,196,340	13,759,798	
Services & Other Operating	42,827,704	40,153,538	
Capital Outlay/Other Outgo	<u>5,317,382</u>	<u>5,283,143</u>	
Total Expenditures	\$354,468,259	\$350,268,743	-1.19%

For fiscal year 2024–2025, total revenues exceeded the June estimated projection by \$91,891, reflecting a modest but positive variance. The increase was primarily attributable to unrestricted revenues, which grew significantly due to final Average Daily Attendance (ADA) adjustments and stronger local income sources. These gains were partially offset by a decline in state transportation revenue. Restricted revenues, on the other hand, presented a mixed picture: while state allocations and tax-related funding saw slight improvements, these were outweighed by reductions in federal contributions and other local income streams. Overall, incremental gains from state and local sources helped mitigate most of the shortfalls, resulting in a favorable outcome compared to initial estimates.

On the expenditure side, total spending decreased by \$4,199,516 from the June projection, driven largely by reductions in restricted accounts. Unrestricted accounts remained relatively stable, with modest increases in salaries, benefits, and supplies largely offset by reductions in contract services and capital outlay. In contrast, restricted accounts experienced a more pronounced decline, primarily due to unspent staffing allocations, reduced program activities, and lower expenditures on contract services. This overall decrease in expenditures contributed to a stronger financial position for the year.

Factors Bearing on The District's Future

The district faces several critical financial risks over the multi-year projection period. Lower average daily attendance (ADA), despite overall enrollment growth, threatens to reduce LCFF revenue if attendance does not recover as anticipated. A structural deficit is projected as expenditures—driven by staffing increases, rising employee benefits, and mandated contributions—continue to outpace revenue growth. Revised downward Cost of Living Adjustment (COLA) estimates further constrain funding, while escalating Special Education costs, including higher Non-Public School (NPS) expenses and Maintenance of Effort requirements, add additional pressure. Local revenue is expected to decline due to reduced interest income stemming from lower rates and diminished reserves. The expiration of key grants, such as Anti-Bias, Learning Recovery, and Arts/Music Block, will eliminate funding for programs currently supported by one-time resources. Salary negotiations present another risk, as agreed increases and potential future settlements are not fully incorporated into projections. Finally, one-time costs for textbook adoptions and technology infrastructure projects create temporary expenditure spikes, compounding the challenge of maintaining fiscal stability. Collectively, these factors place the district at risk of falling below the state-required reserve level of 3% by 2027–28, underscoring the need for proactive financial planning.

To mitigate these risks, the Superintendent's Budget Advisory Committee (SBAC) has already begun meeting and will continue formal discussions throughout 2025–26 to develop and implement strategies for expenditure reductions aimed at preserving fiscal solvency and compliance with reserve requirements. Attendance recovery initiatives, including health and engagement programs, will be prioritized to stabilize ADA and protect LCFF revenue. Expenditure controls such as freezing non-essential hires, delaying capital projects, and reviewing staffing ratios will help contain costs. Program prioritization will ensure resources align with core instructional goals as grants expire, while revenue enhancement efforts—such as facility rentals and advocacy for additional state or federal funding—will be explored. Reserve management will remain a focus, with set-asides maintained for salary negotiations and COLA adjustments. Additionally, Special Education cost management strategies, including negotiating NPS contracts and expanding in-district programs, will be pursued to reduce long-term obligations. These combined actions are essential to address the structural deficit, maintain fiscal stability, and safeguard the district's ability to meet its educational commitments.

BASIC FINANCIAL STATEMENTS

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 2)	\$ 393,893,231	\$ 2,687,947	\$ 396,581,178
Receivables	20,998,741	62,664	21,061,405
Prepaid expenses	2,988,348	-	2,988,348
Internal balances (Note 3)	49,771	(49,771)	-
Non-depreciable capital assets (Note 4)	69,627,897	-	69,627,897
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>649,281,344</u>	<u>-</u>	<u>649,281,344</u>
Total assets	<u>1,136,839,332</u>	<u>2,700,840</u>	<u>1,139,540,172</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow s of resources - pensions (Notes 7 and 8)	106,410,069	776,201	107,186,270
Deferred outflow s of resources - OPEB	1,381,342	-	1,381,342
Deferred loss from refunding of debt	<u>3,915,358</u>	<u>-</u>	<u>3,915,358</u>
Total deferred outflow s of resources	<u>111,706,769</u>	<u>776,201</u>	<u>112,482,970</u>
LIABILITIES			
Accounts payable	34,993,817	8,314	35,002,131
Unearned revenue	2,387,151	-	2,387,151
Long-term liabilities (Note 5):			
Due w ithin one year	24,116,780	-	24,116,780
Due after one year	<u>852,581,910</u>	<u>2,210,000</u>	<u>854,791,910</u>
Total liabilities	<u>914,079,658</u>	<u>2,218,314</u>	<u>916,297,972</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow s of resources - pensions (Notes 7 and 8)	27,676,200	15,800	27,692,000
Deferred inflow s of resources - OPEB	<u>10,386,058</u>	<u>-</u>	<u>10,386,058</u>
Total deferred inflow s of resources	<u>38,062,258</u>	<u>15,800</u>	<u>38,078,058</u>
NET POSITION			
Net investment in capital assets	272,429,070	-	272,429,070
Restricted:			
Legally restricted programs	63,568,531	-	63,568,531
Capital projects	110,663,708	-	110,663,708
Debt service	38,579,276	-	38,579,276
Enterprise activities	-	1,242,927	1,242,927
Unrestricted	<u>(188,836,400)</u>	<u>-</u>	<u>(188,836,400)</u>
Total net position	<u>\$ 296,404,185</u>	<u>\$ 1,242,927</u>	<u>\$ 297,647,112</u>

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
	Expenses					
Governmental activities:						
Instruction	\$ 196,500,259	\$ 6,807,993	\$ 43,717,621	\$ (145,974,645)	\$ -	\$ (145,974,645)
Instruction-related services:						
Supervision of instruction	16,668,277	42,300	6,890,354	(9,735,623)	-	(9,735,623)
Instructional library, media and technology	2,922,354	460,376	232,714	(2,229,264)	-	(2,229,264)
School site administration	23,827,638	156,137	2,568,748	(21,102,753)	-	(21,102,753)
Pupil services:						
Home-to-school transportation	10,577,895	16	121,766	(10,456,113)	-	(10,456,113)
Food services	13,571,823	17,272	14,976,795	1,422,244	-	1,422,244
All other pupil services	30,580,968	1,569,441	8,927,983	(20,083,544)	-	(20,083,544)
General administration:						
Data processing	4,230,597	-	20,939	(4,209,658)	-	(4,209,658)
All other general administration	18,211,116	179,122	3,110,154	(14,921,840)	-	(14,921,840)
Plant services	73,125,957	123,195	219,889	(72,782,873)	-	(72,782,873)
Ancillary services	11,772,898	7,016,336	9,979,471	5,222,909	-	5,222,909
Enterprise activities	1,277,917	-	19,302	(1,258,615)	-	(1,258,615)
Interest on long-term liabilities	24,990,223	-	-	(24,990,223)	-	(24,990,223)
Other outgo	1,528,754	-	112,411	(1,416,343)	-	(1,416,343)
Total governmental activities	429,786,676	16,372,188	90,898,147	(322,516,341)	-	(322,516,341)
Business-type activities:						
Enterprise activities	(1,336,552)	3,393,800	-	-	4,730,352	4,730,352
Total governmental and business-type activities	\$ 428,450,124	\$ 19,765,988	\$ 90,898,147	(322,516,341)	4,730,352	(317,785,989)
General revenues:						
Taxes and subventions:						
Taxes levied for general purposes				93,446,179	-	93,446,179
Taxes levied for debt service				38,130,797	-	38,130,797
Taxes levied for other specific purposes				717,013	-	717,013
Federal and state aid not restricted to specific purpose:				170,795,700	-	170,795,700
Interest and investment earnings				13,383,380	140,379	13,523,759
Miscellaneous				6,964,349	-	6,964,349
Internal transfers				1,908,343	(1,908,343)	-
Total general revenues				325,345,761	(1,767,964)	323,577,797
Change in net position				2,829,420	2,962,388	5,791,808
Net position, July 1, 2024				293,574,765	(1,719,461)	291,855,304
Net position, June 30, 2025				\$ 296,404,185	\$ 1,242,927	\$ 297,647,112

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Building Fund	Capital Facilities Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 89,144,556	\$ 25,756,931	\$ 104,058,128	\$ 52,924,548	\$ 271,884,163
Cash on hand and in banks	1,539,311	-	138,847	2,067,372	3,745,530
Cash in revolving fund	75,000	-	-	10,000	85,000
Cash with Fiscal agent	6,819,644	108,652,924	-	2,705,970	118,178,538
Prepaid expenditures	2,988,348	-	-	-	2,988,348
Receivables	12,941,994	924,648	2,079,259	5,052,840	20,998,741
Due from other funds	1,058,749	52,221	1,452,708	1,321,392	3,885,070
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 114,567,602</u>	<u>\$ 135,386,724</u>	<u>\$ 107,728,942</u>	<u>\$ 64,082,122</u>	<u>\$ 421,765,390</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 28,195,492	\$ 1,259,619	\$ 278,432	\$ 817,003	\$ 30,550,546
Unearned revenue	1,341,713	-	-	1,045,438	2,387,151
Due to other funds	1,321,392	1,262,655	135,693	1,115,559	3,835,299
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>30,858,597</u>	<u>2,522,274</u>	<u>414,125</u>	<u>2,978,000</u>	<u>36,772,996</u>
Fund balances:					
Nonspendable	3,063,348	-	-	10,000	3,073,348
Restricted	44,402,576	132,864,450	107,314,817	61,094,122	345,675,965
Committed	21,183,721	-	-	-	21,183,721
Assigned	4,480,797	-	-	-	4,480,797
Unassigned	10,578,563	-	-	-	10,578,563
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>83,709,005</u>	<u>132,864,450</u>	<u>107,314,817</u>	<u>61,104,122</u>	<u>384,992,394</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 114,567,602</u>	<u>\$ 135,386,724</u>	<u>\$ 107,728,942</u>	<u>\$ 64,082,122</u>	<u>\$ 421,765,390</u>

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
For the year ended June 30, 2025

Total fund balances - Governmental Funds		\$ 384,992,394
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,152,039,848 and the accumulated depreciation is \$433,130,607 (Note 4).		718,909,241
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, 2025 consisted of (Note 5):		
General Obligation Bonds	\$ (530,417,180)	
Unamortized premium	(28,631,272)	
Accreted interest	(65,291,788)	
Net OPEB liability (Note 9)	(10,825,393)	
Net pension liability (Notes 7 and 8)	(239,670,000)	
Compensated absences	<u>(1,863,057)</u>	
		(876,698,690)
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.		3,915,358
In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7, 8 and 9).		
Deferred outflows of resources relating to pensions	\$ 106,410,069	
Deferred outflows of resources relating to OPEB	1,381,342	
Deferred inflows of resources relating to OPEB	(10,386,058)	
Deferred inflows of resources relating to pensions	<u>(27,676,200)</u>	
		69,729,153
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.		<u>(4,443,271)</u>
Total net position - governmental activities		<u>\$ 296,404,185</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, 2025

	General <u>Fund</u>	Building <u>Fund</u>	Capital Facilities <u>Fund</u>	Formerly Major Bond Interest Redemption <u>Fund</u>	All Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:						
Local Control Funding						
Formula (LCFF):						
State apportionment	\$ 162,130,214	\$ -	\$ -		\$ 1,030,023	\$ 163,160,237
Local sources	91,425,433	-	-		1,356,614	92,782,047
Total LCFF	253,555,647	-	-		2,386,637	255,942,284
Federal sources	10,484,418	-	-		7,260,784	17,745,202
Other state sources	62,709,827	-	847		13,509,362	76,220,036
Other local sources	13,233,691	3,673,905	21,218,602		44,058,658	82,184,856
Total revenues	339,983,583	3,673,905	21,219,449		67,215,441	432,092,378
Expenditures:						
Current:						
Certificated salaries	143,608,476	-	4,088		1,680,495	145,293,059
Classified salaries	65,246,540	-	761,946		6,607,456	72,615,942
Employee benefits	82,390,936	-	334,487		3,151,137	85,876,560
Books and supplies	13,759,806	-	511,828		7,435,068	21,706,702
Contract services and						
operating expenditures	40,172,618	615,213	827,374		4,104,829	45,720,034
Other outgo	1,528,754	-	-		-	1,528,754
Capital outlay	4,279,497	21,156,386	6,070,580		5,246,480	36,752,943
Debt service:						
Principal retirement	-	-	-		12,403,169	12,403,169
Interest	-	-	-		25,784,359	25,784,359
Total expenditures	350,986,627	21,771,599	8,510,303		66,412,993	447,681,522
(Deficiency) excess of expenditures (under) over revenues	(11,003,044)	(18,097,694)	12,709,146		802,448	(15,589,144)
Other financing sources (uses):						
Transfers in	650,255	2,022,484	22,710		2,350,000	5,045,449
Transfers out	(2,350,000)	-	-		(787,106)	(3,137,106)
Proceeds from issuance of debt	-	72,000,000	-		-	72,000,000
Premium from issuance of debt	-	-	-		2,706,410	2,706,410
Total other financing (uses) sources	(1,699,745)	74,022,484	22,710		4,269,304	76,614,753
Net change in fund balances	(12,702,789)	55,924,790	12,731,856		5,071,752	61,025,609
Fund balances, July 1, 2024	96,411,794	76,939,660	94,582,961	34,780,027	21,252,343	323,966,785
Adjustment - changes to and within the District	-	-	-	(34,780,027)	34,780,027	-
Fund balances, July 1, 2024 as adjusted	96,411,794	76,939,660	94,582,961	-	56,032,370	323,966,785
Fund balances, June 30, 2025	\$ 83,709,005	\$ 132,864,450	\$ 107,314,817	\$ -	\$ 61,104,122	\$ 384,992,394

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, 2025

Net change in fund balances - Total Governmental Funds	\$ 61,025,609	
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).	\$ 36,458,905	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(39,756,071)	
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.	(380,964)	
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).	12,403,169	
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).	(72,000,000)	
Debt issue premiums are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 5).	(1,485,148)	
Accretion of interest is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 5).	2,412,418	
Other postemployment benefits (OPEB) costs are recognized when employer contributions are made in the governmental net position (Notes 5 and 9).	417,799	
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.	247,832	
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8):	3,861,471	
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).	(375,600)	(58,196,189)
Change in net position of governmental activities	<u>\$ 2,829,420</u>	

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
STUDENT CARE CENTER FUND
June 30, 2025

ASSETS

Current assets:

Cash and investments (Note 2)	
Cash in County Treasury	\$ 2,527,277
Cash in Bank	160,670
Receivables	<u>62,664</u>
Total current assets	<u>2,750,611</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - pensions (Notes 7 and 8)	<u>776,201</u>
---	----------------

LIABILITIES

Current liabilities:

Accounts payable	8,314
Due to other funds (Note 3)	<u>49,771</u>
Total current liabilities	<u>58,085</u>

Net pension liability - long-term (Notes 7 and 8)	<u>2,210,000</u>
---	------------------

Total liabilities	<u>2,268,085</u>
-------------------	------------------

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - pensions (Notes 7 and 8)	<u>15,800</u>
--	---------------

NET POSITION

Unrestricted	<u><u>\$ 1,242,927</u></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
For the Year Ended June 30, 2025

Operating revenues:	
Children center fees	\$ 3,393,800
Operating expenses:	
Classified salaries	1,547,357
Employee benefits	(3,181,616)
Books and supplies	74,369
Contract services and operating expenses	223,338
	<u> </u>
Total operating expenses	(1,336,552)
	<u> </u>
Operating income	4,730,352
Non-operating income:	
Interest income	140,379
	<u> </u>
Income before transfers	4,870,731
Transfers to other funds	(1,908,343)
	<u> </u>
Change in net position	2,962,388
Net position, July 1, 2024	(1,719,461)
	<u> </u>
Net position, June 30, 2025	\$ 1,242,927
	<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, 2025

Cash flows from operating activities:

Cash received for children center fees	\$ 3,404,464
Cash paid for operating expenses	(298,388)
Cash paid for salaries and employee benefits	<u>(2,235,681)</u>

Net cash provided by operating activities	<u>870,395</u>
---	----------------

Cash flows provided by noncapital financing activities:

Transfers out to other funds	<u>(1,881,079)</u>
------------------------------	--------------------

Cash flows provided by investing activities:

Interest income	<u>140,379</u>
-----------------	----------------

Change in cash and investments	(870,305)
--------------------------------	-----------

Cash and investments, July 1, 2024	<u>3,558,252</u>
------------------------------------	------------------

Cash and investments, June 30, 2025	<u>\$ 2,687,947</u>
--	----------------------------

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	<u>\$ 4,730,352</u>
------------------	---------------------

Adjustments to reconcile operating income to net cash
provided by operating activities:

Decrease in:

Receivables	10,664
-------------	--------

Deferred outflows of resources	1,296,837
--------------------------------	-----------

(Decrease) in:

Accounts payable	(681)
------------------	-------

Net pension liability	(2,554,261)
-----------------------	-------------

Deferred inflows of resources	<u>(2,612,516)</u>
-------------------------------	--------------------

Total adjustments	<u>(3,859,957)</u>
-------------------	--------------------

Net cash provided by operating activities	<u><u>\$ 870,395</u></u>
---	--------------------------

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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:

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

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

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

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

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

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

A - Major Funds

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

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B - Other Funds

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

The Student Care Center is an enterprise fund which accounts for childcare 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 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.

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

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2025.

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding of debt, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the net pension liability and net OPEB liability reported in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	\$ 70,046,190	\$ 37,140,079	\$ 107,186,269
Deferred inflows of resources	\$ 26,935,000	\$ 757,000	\$ 27,692,000
Net pension liability	\$ 136,137,000	\$ 105,743,000	\$ 241,880,000
Pension expense	\$ 24,026,520	\$ 21,315,298	\$ 45,341,818

The District has allocated \$2,210,000 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.

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: Compensated absences totaling \$1,863,057 are recorded as a long term liability of the District. The liability represents earned but unused vacation and other leave balances which are more likely than not to be paid or used. In accordance with the provisions of both STRP and PERF B, when an employee retires, all unused sick leave is added to the creditable service period for the calculation of the employee's retirement benefits.

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".

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2025, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2025 consisted of the following:

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>
Pooled Funds:		
Cash in County Treasury	\$ 271,884,163	\$ 2,527,277
Deposits:		
Cash on hand and in banks	3,745,530	160,670
Cash in revolving fund	85,000	-
Cash with fiscal agent	<u>118,178,538</u>	<u>-</u>
Total	<u>\$ 393,893,231</u>	<u>\$ 2,687,947</u>

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2025, the carrying amount of the District's accounts were \$3,991,200, and the bank balances were \$4,008,366, of which \$500,000 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 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, 2025, 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, 2025, the District had no concentration of credit risk.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Funds:		
General	\$ 1,058,749	\$ 1,321,392
Building	52,221	1,262,655
Capital Facilities	1,452,708	135,693
Non-Major Governmental Funds:		
Charter School	303,418	577,269
Adult Education	-	45,309
Child Development	1,840	138,528
Cafeteria	49,330	354,453
Pupil Transportation Equipment	966,804	-
Proprietary Fund:		
Student Care Center	-	49,771
Totals	<u>\$ 3,885,070</u>	<u>\$ 3,885,070</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 2024-2025 fiscal year were as follows:

Transfer from the General Fund to the Deferred Maintenance Fund for routine restricted maintenance.	\$ 950,000
Transfer from the General Fund to the Pupil Transportation Equipment Fund for transportation equipment.	1,400,000
Transfer from the Special Reserve for Capital Outlay Projects Fund to the Building Fund for a theater lobby project.	262,000
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	10,886
Transfer from the Adult Education Fund to the General Fund for indirect costs.	45,309
Transfer from the Child Development Fund to the General Fund for indirect costs.	141,712
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	327,199
Transfer from the Student Care Fund to the Building Fund for student supplies.	1,760,484
Transfer from the Student Care Fund to the Capital Facilities Fund for student supplies.	22,710
Transfer from the Student Care Fund to the General Fund for indirect costs.	125,149
	<u>\$ 5,045,449</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2025 is shown below:

	Balance July 1, <u>2024</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2025</u>
Non-depreciable:				
Land	\$ 47,003,802	\$ -	\$ -	\$ 47,003,802
Work-in-process	92,992,972	20,361,709	(90,730,586)	22,624,095
Depreciable:				
Improvement of sites	41,115,707	2,303,645	-	43,419,352
Buildings	840,739,390	97,720,609	-	938,459,999
Equipment	<u>93,729,072</u>	<u>6,803,528</u>	<u>-</u>	<u>100,532,600</u>
Totals, at cost	<u>1,115,580,943</u>	<u>127,189,491</u>	<u>(90,730,586)</u>	<u>1,152,039,848</u>
Less accumulated depreciation:				
Improvement of sites	(37,981,091)	(634,010)	-	(38,615,101)
Buildings	(304,881,277)	(24,680,319)	-	(329,561,596)
Equipment	<u>(50,512,168)</u>	<u>(14,441,742)</u>	<u>-</u>	<u>(64,953,910)</u>
Total accumulated depreciation	<u>(393,374,536)</u>	<u>(39,756,071)</u>	<u>-</u>	<u>(433,130,607)</u>
Governmental activities capital assets, net	<u>\$ 722,206,407</u>	<u>\$ 87,433,420</u>	<u>\$ (90,730,586)</u>	<u>\$ 718,909,241</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 954,190
Supervision of instruction	12,711
School site administration	19,463
Home-to-school transportation	1,492,092
Food services	431,185
Ancillary services	24,718
All other general administration	157,604
Plant services	<u>36,664,108</u>
Total depreciation expense	<u>\$ 39,756,071</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2025 follows:

<u>Series</u>	<u>Interest Rate %</u>	<u>Original Maturity</u>	<u>Balance July 1, 2024</u>	<u>Current Year Issuance</u>	<u>Current Year Matured</u>	<u>Balance June 30, 2025</u>
2002 Series A	3.00% - 5.73%	2028	\$ 5,120,581	\$ -	\$ 1,349,537	\$ 3,771,044
2002 Series B	2.50% - 5.56%	2030	5,227,089	-	964,748	4,262,341
2007 Series A	4.00% - 5.00%	2033	25,065,641	-	2,993,884	22,071,757
2007 Series B	2.00% - 6.50%	2036	9,332,038	-	-	9,332,038
2012 Series B	3.25% - 5.00%	2041	25,515,000	-	330,000	25,185,000
2014 GO Refunding, Series A	2.00% - 5.00%	2041	26,795,000	-	510,000	26,285,000
2017 GO Refunding	2.50% - 5.00%	2036	24,945,000	-	2,835,000	22,110,000
2014 Series B	1.50% - 5.00%	2042	77,730,000	-	935,000	76,795,000
2014 Series C	3.5% - 5.0%	2044	91,935,000	-	665,000	91,270,000
2007 Series D	4.0% - 5.0%	2045	149,490,000	-	-	149,490,000
2020A Refunding	2.00%	2030	6,650,000	-	1,000,000	5,650,000
2020B Refunding	2.05-3.00%	2039	23,015,000	-	820,000	22,195,000
2024 Series A	4.125% - 6.00%	2054	-	36,000,000	-	36,000,000
2024 Series A	4.25% - 8.00%	2054	-	36,000,000	-	36,000,000
			<u>\$ 470,820,349</u>	<u>\$ 72,000,000</u>	<u>\$ 12,403,169</u>	<u>\$ 530,417,180</u>

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,939,929	\$ 30,949,107	\$ 42,889,036
2027	19,513,655	31,865,923	51,379,578
2028	20,204,446	31,741,321	51,945,767
2029	13,590,872	28,051,829	41,642,701
2030	14,944,646	28,127,683	43,072,329
2031-2035	84,581,026	121,377,966	205,958,992
2036-2040	141,757,606	71,817,099	213,574,705
2041-2045	178,530,000	27,452,013	205,982,013
2046-2050	17,630,000	8,229,303	25,859,303
2051-2055	27,725,000	3,271,303	30,996,303
	<u>\$ 530,417,180</u>	<u>\$ 382,883,547</u>	<u>\$ 913,300,727</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – LONG-TERM LIABILITIES (Continued)

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 4.0% to 5.0%.

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 5.0%.

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 2.0% 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.

In January 2014, the District issued 2014 General Obligation Refunding Bonds to refund a portion of the 2002 General Obligation Bonds, Series A and pay the costs of issuance. The Refunding Bonds of \$40,000,000 mature 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 5.0%.

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

In July 2019, the District issued Election of 2007 General Obligation Bonds, Series D in an aggregate principal amount of \$150,000,000 maturing through October 2044, with interest rates from 4.0% to 5.0%.

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

In October 2020, the District issued 2020 General Obligation Refunding Bonds, Series B to refund the remaining Election of 2012 General Obligation Bonds, Series A and pay the costs of issuance. The Refunding Bonds of \$24,015,000 mature through October 2038, with interest rates from 2.05% to 3.0%.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 – LONG-TERM LIABILITIES (Continued)

In May 2025, the District issued Election of 2024 General Obligation Bonds, Series A in an aggregate principal amount of \$36,000,000 maturing through October 2054, with interest rates from 4.125% to 6.0%.

In May 2025, the District issued Election of 2024 General Obligation Bonds, Series A in an aggregate principal amount of \$36,000,000 maturing through October 2054, with interest rates from 4.25% to 8.0%.

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2025 is shown below:

<u>Governmental Activities:</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>	<u>Amounts Due Within One Year</u>
<u>Debt</u>					
General Obligation Bonds	\$ 470,820,349	\$ 72,000,000	\$ 12,403,169	\$ 530,417,180	\$ 11,939,929
Unamortized premium	27,146,124	2,706,410	1,221,262	28,631,272	1,273,326
Accreted interest on General Obligation Bonds	67,704,206	6,099,414	8,511,832	65,291,788	10,740,072
<u>Other Long-Term Liabilities:</u>					
Net OPEB liability (Note 9)	10,625,365	200,028	-	10,825,393	-
Net pension liability (Notes 7 and 8)	246,561,739	-	6,891,739	239,670,000	-
Compensated absences	1,487,457	375,600	-	1,863,057	163,453
Totals	\$ 824,345,240	\$ 81,381,452	\$ 29,028,002	\$ 876,698,690	\$ 24,116,780
<u>Business-Type Activities:</u>					
	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>	<u>Amounts Due Within One Year</u>
Net pension liability (Notes 7 and 8)	\$ 4,764,261	\$ -	\$ 2,554,261	\$ 2,210,000	\$ -

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the other postemployment benefits and net pension liability are made from the Fund for which the related employee worked.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – FUND BALANCES

Fund balances, by category, at June 30, 2025 consisted of the following:

	General <u>Fund</u>	Building <u>Fund</u>	Capital Facilities <u>Fund</u>	All Non-Major <u>Funds</u>	<u>Total</u>
Nonspendable:					
Revolving cash fund	\$ 75,000	\$ -	\$ -	\$ 10,000	\$ 85,000
Prepaid expenditures	<u>2,988,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,988,348</u>
Subtotal nonspendable	<u>3,063,348</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>3,073,348</u>
Restricted:					
Legally restricted programs:					
Grants	44,402,576	-	-	-	44,402,576
Student activities	-	-	-	1,860,914	1,860,914
Charter school program	-	-	-	313,148	313,148
Adult education	-	-	-	1,471,990	1,471,990
Child development program	-	-	-	2,159,562	2,159,562
Cafeteria	-	-	-	11,708,245	11,708,245
Deferred maintenance	-	-	-	674,506	674,506
Pupil transportation	-	-	-	977,590	977,590
Capital projects	-	132,864,450	107,314,817	3,348,891	243,528,158
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,579,276</u>	<u>38,579,276</u>
Subtotal restricted	<u>44,402,576</u>	<u>132,864,450</u>	<u>107,314,817</u>	<u>61,094,122</u>	<u>345,675,965</u>
Committed:					
Trust account PERS/STRS	6,819,645	-	-	-	6,819,645
Instructional materials	2,746,453	-	-	-	2,746,453
Technology	1,716,531	-	-	-	1,716,531
Social emotional learning	26,677	-	-	-	26,677
Athletics/PE	265,569	-	-	-	265,569
Medi-Cal Billing	691,840	-	-	-	691,840
Supplemental funds	6,460,520	-	-	-	6,460,520
Career technical education	671,269	-	-	-	671,269
Student transportation	297,760	-	-	-	297,760
Compensated absences	<u>1,487,457</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,487,457</u>
Subtotal committed	<u>21,183,721</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,183,721</u>
Assigned:					
Future district uncertainty	<u>4,480,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,480,797</u>
Subtotal assigned	<u>4,480,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,480,797</u>
Unassigned:					
Designated for economic uncertainty	<u>10,578,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,578,563</u>
Total fund balances	<u>\$ 83,709,005</u>	<u>\$ 132,864,450</u>	<u>\$ 107,314,817</u>	<u>\$ 61,104,122</u>	<u>\$ 384,992,394</u>

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS’ RETIREMENT PLAN

General Information about the State Teachers’ Retirement Plan

Plan Description: Employees of the District performing creditable services 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). Teachers’ Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan with CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at CalSTRS’ website.

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 a factor of 2.0% of final compensation multiplied by the number of years 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 a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of 0.2% to the age factor, up to the 2.4% maximum.

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer 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 is the member’s highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

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% of final compensation multiplied by the number of years 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% at age 65 or older.

All CalSTRS 2% at 62 members’ final compensation is based on their highest average annual compensation earnable for 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Contributions: Required member, employer and State contribution rates are set by the California Legislature and the Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by 2046.

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250% of applicable member earnings for fiscal year 2023-24.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205% as per the CalSTRS Funding Plan for a total member contribution rate of 10.205%. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% annually. Based on the June 30, 2023, actuarial valuation adopted by the CalSTRS Board in May 2024, the increase in normal cost was less than 1%. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2024.

Employers – Employers are required to contribute a base contribution rate set in statute at 8.25%. Pursuant to the CalSTRS Funding Plan, employers also have a supplemental contribution rate to eliminate their share of the CalSTRS unfunded actuarial obligation by 2046. The CalSTRS Funding Plan authorizes the CalSTRS Board to adjust the employer supplemental contribution rate up or down by a maximum of 1% annually for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2024, the CalSTRS Board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year June 30, 2025 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2024-25 through fiscal year 2046-47 are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>Total</u>
July 1, 2024	8.250%	10.850%	19.100%
July 1, 2025 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	AB1469 rate increase ends for 2046-47 and beyond	

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

The District contributed \$26,935,190 to the STRP during the fiscal year ended June 30, 2025.

State – The State is required to contribute 10.828% of the members' creditable compensation from the two fiscal years prior.

The State is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the State also has a supplemental contribution rate, which the Board can increase by no more than 0.5% each fiscal year to help eliminate the State's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2024, the CalSTRS Board voted to keep the State supplemental contribution rate at 6.311% for fiscal year 2024–25.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

The total State contribution rate also includes a portion to fund the Supplemental Benefit Maintenance Account (SBMA), which provides inflation protection to CalSTRS members whose current purchasing power has fallen below 85% of the purchasing power of their initial benefit. The SBMA is funded through a continuous appropriation from the State’s General Fund in an amount equal to 2.5% of the total creditable compensation of the fiscal year ended in the immediately preceding calendar year, reduced by \$72.0 million, pursuant to Education Code section 22954.

The CalSTRS State contribution rates effective for fiscal year 2024-25 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>Supplemental Rate Per CalSTRS Funding Plan</u>	<u>SBMA Funding⁽¹⁾</u>	<u>Total</u>
July 01, 2024	2.017%	6.311%	2.50%	10.828%
July 01, 2025 to June 30, 2046	2.017%	(1)	2.50%	(1)
July 01, 2046	2.017%	(2)	2.50%	(2)

- (1) The CalSTRS Board has limited authority to adjust the State contribution rate annually through June 2046 to eliminate the remaining unfunded actuarial obligation. The CalSTRS Board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
- (2) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

At June 30, 2025, 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	\$ 136,137,000
State’s proportionate share of the net pension liability associated with the District	<u>62,461,000</u>
Total	<u>\$ 198,598,000</u>

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District’s proportion of the net pension liability was based on the District’s share of contributions to the STRP relative to the contributions of all participating contributing employers and the State. At June 30, 2025, the District’s proportion was 0.203%, which was an increase of 0.012% from its proportion at June 30, 2024.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

For the year ended June 30, 2025, the District recognized pension expense of \$24,026,520 and revenue of \$8,520,959 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,399,000	\$ 5,953,000
Changes of assumptions	596,000	9,298,000
Net differences between projected and actual earnings on investments	-	549,000
Changes in proportion and differences between District contributions and proportionate share of contributions	27,116,000	11,135,000
Contributions made subsequent to measurement date	<u>26,935,190</u>	<u>-</u>
Total	<u>\$ 70,046,190</u>	<u>\$ 26,935,000</u>

\$26,935,190 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, 2026. 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>	
2026	\$ (8,200,800)
2027	\$ 12,531,200
2028	\$ 2,241,700
2029	\$ 5,202,034
2030	\$ 3,811,533
2031	\$ 590,333

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2024 measurement date. Deferred outflows and deferred 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, 2025

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 the actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

Discount Rate: The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per the CalSTRS Funding Plan. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume 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.

The long-term expected rate of return on pension plan investments was calculated using a building-block approach. This method involves developing best-estimate ranges of 20- to 30-year geometrically linked expected future real rates of return for each major asset class. These expected returns are net of pension plan investment expenses and inflation. The best estimate ranges were created using capital market assumptions provided by CalSTRS investment staff and investment consultants.

The actuarial investment rate of return assumption was adopted by the CalSTRS Board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Public Equity	38.0%	5.25%
Real Estate	15.0	4.05
Private Equity	14.0	6.75
Fixed Income	14.0	2.45
Risk Mitigating Strategies	10.0	2.25
Inflation Sensitive	7.0	3.65
Cash / Liquidity	2.0	0.05

* 20- to 30-year geometric average

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Mortality: CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale issued by the Society of Actuaries.

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%, 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%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District’s proportionate share of the net pension liability	<u>\$ 242,142,000</u>	<u>\$ 136,137,000</u>	<u>\$ 47,617,000</u>

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

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 non-certified 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 CalPERS’ website.

Benefits Provided: The benefits for the defined benefit plan 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. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2% compounded annually (up to 5% maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

(Continued)

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

Contributions: The benefits for the defined benefit pension plan are funded by contributions from members, employers, non-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. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and 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. Non-employer contributions are not expected each year, but when provided they are accrued for.

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.

The Public Employees’ Pension Reform Act of 2013 (PEPRA) became effective in January 2013, and changed how benefits are applied as well as placed compensation limits on certain members as listed below. Members which do not fall into the definitions below, are generally be considered “classic” members in PERF B:

- Members joining on or after January 1, 2013, with no prior membership in another California public retirement system.
- Members joining before January 1, 2013, who are hired by a different CalPERS employer after January 1, 2013, and have a break in service greater than six months.
- Members joining on or after January 1, 2013, who are ineligible for reciprocity with another California public retirement system.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2025 were as follows:

Members - The classic member contribution rate was 7.0% of applicable member earnings for fiscal year 2024-25. The PEPRA member contribution rate was 8.0% of applicable member earnings for fiscal year 2024-25.

Employers - The employer contribution rate was 27.05% of applicable member earnings for fiscal year 2024-25.

The District contributed \$17,617,079 to the plan for the fiscal year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$105,743,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, updated and rolled forward to June 30, 2024. The District’s proportion of the net pension liability was based on the District’s share of contributions to the PERF B plan relative to the contributions of all participating school districts. At June 30, 2025 the District’s proportion was 0.296%, which was an increase of 0.003% from its proportion at June 30, 2024.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

For the year ended June 30, 2025, the District recognized pension expense of \$21,315,298. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,865,000	\$ 757,000
Changes of assumptions	2,337,000	-
Net differences between projected and actual earnings on investments	4,108,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,213,000	-
Contributions made subsequent to measurement date	<u>17,617,079</u>	<u>-</u>
Total	<u>\$ 37,140,079</u>	<u>\$ 757,000</u>

\$17,617,079 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, 2026. 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>	
2026	\$ 8,032,167
2027	\$ 10,687,167
2028	\$ 1,346,166
2029	\$ (1,299,500)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.9 years in the June 30, 2024 measurement. 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, 2025

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 the actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry age normal
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power Applies, 2.30% thereafter

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 80% of scale MP2020. For more details on this table, please refer to the 2021 experience study report.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, 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>Assumed Asset Allocation</u>	<u>Expected Real Rates of Return Years 1-10^(1, 2)</u>
Global Equity – cap-weighted	30.00%	4.54%
Global Equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	.27%
Mortgage-backed Securities	5.00%	.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected inflation rate of 2.30% used for this period

(2) Figures are based on the 2021-22 CalPERS Asset Liability Management Study

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 6.90 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 considered long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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 6.90%, 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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District’s proportionate share of the net pension liability	\$ 157,082,000	\$ 105,743,000	\$ 63,333,000

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

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025 the District has accumulated assets in a qualified trust provided by Public Agency Retirement Services (PARS) for the purpose of paying the benefits related to the District's Net OPEB Liability. Assets contributed to the plan are included in the PARS trust financial statements. Copies of PARS independent financial statements may be obtained from the Public Agency Retirement Services – 4350 Von Karman Avenue, Newport Beach, CA 92660.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2025:

	<u>Number of Participants</u>
Inactive Plan members	95
Active employees	<u>2,144</u>
	<u><u>2,239</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. Contributions by the District to the Plan are voluntary.

Contributions to the Plan from the District were \$1,141,863 for the year ended June 30, 2025. Employees are not required to contribute to the OPEB plan.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

OPEB Plan Investments: The discount rate of 6.50% was determined using the following asset allocation and assumed rate of return, adjusted for conservatism:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Rate of Return*</u>
Equities	75%	7.55%
Fixed income	25%	4.25%

* Geometric average

Rolling periods of time for all asset classes in combination were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually but reflect the return for the asset class for the portfolio average. Additionally, the historic 30-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2024, and the net OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Fiscal Year End	June 30, 2025
Actuarial Value of Assets	Market Value
Mortality Rate	2020 CalSTRS and 2021 CalPERS Mortality Tables
Discount Rate / Investment Return	6.5% - Based on assumed long-term employer assets.
Retirement Rate	Retirement rates match rates developed in the experience studies for California PERS (2021) and California STRS (2020).
Inflation Rate	2.50% per year
Salary Increases	2.75% per year
Health Care Inflation	4.0%
Termination Rate	California PERS (2021) and California STRS (2020).
Disability Rate	None
Funding Method	Entry Age Cost Method (Level Percentage of Pay).

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Discount Rate: All future benefit payments were discounted using a discount rate of 6.50%. As the plan is funded by an irrevocable trust, and the plans' projected contributions and net position are expected to fully cover future benefit payments, the discount rate has been set to equal the long-term rate of return on plan investments. The long-term mean rate of return on plan investments of 6.50% calculated based on the PARS expected long-term mean rate of return.

Changes in Net OPEB liability

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2024	\$ 18,940,305	\$ 8,314,940	\$ 10,625,365
Changes for the year:			
Service cost	1,171,449	-	1,171,449
Interest	1,234,251	1,156,615	77,636
Employer contributions	-	1,001,496	(1,001,496)
Differences between actual and expected experience	(73,612)	-	(73,612)
Changes in assumptions	-	-	-
Benefit payments	(1,001,496)	(1,001,496)	-
Administrative expenses	-	(26,051)	26,051
Net change	1,330,592	1,130,564	200,028
Balance at June 30, 2025	\$ 20,270,897	\$ 9,445,504	\$ 10,825,393

There were no changes between the measurement date and the year ended June 30, 2025 which had a significant effect on the District's net OPEB liability.

Fiduciary Net Position as a percent of the total OPEB liability at June 30, 2025 is 46.6%.

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	\$ 12,132,998	\$ 10,825,393	\$ 9,605,344

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

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

	1% Decrease <u>(3.0%)</u>	Healthcare Cost Trend Rates <u>Rate (4.0%)</u>	1% Increase <u>(5.0%)</u>
Net OPEB liability	\$ 8,859,398	\$ 10,825,393	\$ 13,099,037

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
- For the year ended June 30, 2025, the District recognized OPEB expense of \$724,037. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 239,506	\$ (4,316,046)
Changes of assumptions	-	(5,846,782)
Net differences between projected and actual earnings on investments	-	(223,230)
Benefits paid subsequent to measurement date	1,141,836	-
Total	<u>\$ 1,381,342</u>	<u>\$ (10,386,058)</u>

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>	
2026	\$ (1,137,329)
2027	(969,684)
2028	(1,314,005)
2029	(1,230,456)
2030	(1,107,061)
Thereafter	(4,388,017)

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, 2024 measurement date.

\$1,141,836 reported as deferred outflows of resources related to benefits paid subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – JOINT POWERS AGREEMENTS

The District is a member with other school districts of Joint Powers Authorities, 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 SIA as of June 30, 2024 (the latest information available).

	<u>SIA</u>
Total assets	\$ 250,309,753
Deferred outflows of resources	\$ 6,108,804
Total liabilities	\$ 129,302,201
Deferred inflows of resources	\$ 1,382,000
Net position	\$ 125,734,356
Total revenues	\$ 112,583,784
Total expenses	\$ 106,491,312

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

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, 2025, the District has \$13 million in outstanding commitments on construction contracts.

NOTE 12 – SUBSEQUENT EVENTS

In July 2025, the District issued 2024 General Obligation Refunding Bonds, Series A, (School Facilities Improvement District No. 4, Forward Delivery) in the amount of \$10,385,000. The proceeds were used to refund a portion of outstanding Election of 2012 General Obligation Bonds, Series B. The Bonds bear interest at a 5% rate and are scheduled to mature through October 2038.

In July 2025, the District issued 2024 General Obligation Refunding Bonds, Series A, (School Facilities Improvement District No. 4, Forward Delivery) in the amount of \$17,400,000. The proceeds were used to refund a portion of outstanding Election of 2012 General Obligation Bonds, Series A. The Bonds bear interest at a 5% rate and are scheduled to mature through October 2039.

REQUIRED SUPPLEMENTARY INFORMATION

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
GENERAL FUND BUDGETARY COMPARISON SCHEDULE
For the year ended June 30, 2025

	<u>Budget</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	\$ 170,818,636	\$ 176,583,257	\$ 162,130,214	\$ (14,453,043)
Local sources	<u>83,562,271</u>	<u>88,318,430</u>	<u>91,425,433</u>	<u>3,107,003</u>
Total LCFF	<u>254,380,907</u>	<u>264,901,687</u>	<u>253,555,647</u>	<u>(11,346,040)</u>
Federal sources	10,008,352	9,887,822	10,484,418	596,596
Other state sources	54,738,436	61,027,214	62,709,827	1,682,613
Other local sources	<u>9,895,984</u>	<u>9,296,716</u>	<u>13,233,691</u>	<u>3,936,975</u>
Total revenues	<u>329,023,679</u>	<u>345,113,439</u>	<u>339,983,583</u>	<u>(5,129,856)</u>
Expenditures:				
Current:				
Certificated salaries	143,115,023	147,376,620	143,608,476	3,768,144
Classified salaries	68,034,793	72,396,322	65,246,540	7,149,782
Employee benefits	84,303,243	90,009,912	82,390,936	7,618,976
Books and supplies	13,753,095	13,659,704	13,759,806	(100,102)
Contract services and operating expenditures	36,826,401	42,473,225	40,172,618	2,300,607
Other outgo	1,140,531	934,452	1,528,754	(594,302)
Capital outlay	<u>3,708,943</u>	<u>5,368,600</u>	<u>4,279,497</u>	<u>1,089,103</u>
Total expenditures	<u>350,882,029</u>	<u>372,218,835</u>	<u>350,986,627</u>	<u>21,232,208</u>
Deficiency of revenues under expenditures	<u>(21,858,350)</u>	<u>(27,105,396)</u>	<u>(11,003,044)</u>	<u>16,102,352</u>
Other financing sources (uses):				
Transfers in	159,671	142,733	650,255	507,522
Transfers out	<u>(2,299,225)</u>	<u>(1,410,754)</u>	<u>(2,350,000)</u>	<u>(939,246)</u>
Total other financing uses	<u>(2,139,554)</u>	<u>(1,268,021)</u>	<u>(1,699,745)</u>	<u>(431,724)</u>
Net change in fund balance	<u>(23,997,904)</u>	<u>(28,373,417)</u>	<u>(12,702,789)</u>	<u>15,670,628</u>
Fund balance, July 1, 2024	<u>96,411,794</u>	<u>96,411,794</u>	<u>96,411,794</u>	<u>-</u>
Fund balance, June 30, 2025	<u>\$ 72,413,890</u>	<u>\$ 68,038,377</u>	<u>\$ 83,709,005</u>	<u>\$ 15,670,628</u>

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the year ended June 30, 2025

	Last 10 Fiscal Years							
	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	\$ 2,676,927	\$ 2,750,543	\$ 2,709,393	\$ 2,541,987	\$ 2,108,577	\$ 1,365,896	\$ 1,403,458	\$ 1,171,449
Interest	714,990	873,210	952,801	749,647	1,090,377	1,001,065	1,056,921	1,234,251
Differences between actual and expected experience	-	-	(3,204,357)	-	(1,095,598)	303,661	(1,622,616)	(73,612)
Change in assumptions	-	(539,231)	(2,870,996)	(2,030,699)	(1,471,322)	-	(1,968,715)	-
Benefit payments	(896,667)	(932,534)	(1,006,408)	(1,310,318)	(1,430,882)	(1,535,758)	(1,018,015)	(1,001,496)
Net change in total OPEB liability	2,495,250	2,151,988	(3,419,567)	(49,383)	(798,848)	1,134,864	(2,148,967)	1,330,592
Total OPEB liability, beginning of year	19,574,968	22,070,218	24,222,206	20,802,639	20,753,256	19,954,408	21,089,272	18,940,305
Total OPEB liability, end of year	<u>\$ 22,070,218</u>	<u>\$ 24,222,206</u>	<u>\$ 20,802,639</u>	<u>\$ 20,753,256</u>	<u>\$ 19,954,408</u>	<u>\$ 21,089,272</u>	<u>\$ 18,940,305</u>	<u>\$ 20,270,897</u>
Plan Fiduciary Net Position								
Interest	\$ -	\$ -	\$ -	\$ 153,795	\$ 1,220,273	\$ (1,279,771)	\$ 794,355	\$ 1,156,615
Employer contributions	-	-	-	8,810,318	1,430,882	1,535,758	(1,018,015)	1,001,496
Benefit payments	-	-	-	(1,310,318)	(1,430,882)	(1,535,758)	1,018,015	(1,001,496)
Administrative expenses	-	-	-	(1,566)	(23,240)	(24,862)	(24,044)	(26,051)
Change in plan fiduciary net position	-	-	-	7,652,229	1,197,033	(1,304,633)	770,311	1,130,564
Fiduciary trust net position - beginning of year	-	-	-	-	7,652,229	8,849,262	7,544,629	8,314,940
Fiduciary trust net position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,652,229</u>	<u>\$ 8,849,262</u>	<u>\$ 7,544,629</u>	<u>\$ 8,314,940</u>	<u>\$ 9,445,504</u>
Net OPEB liability - ending	<u>\$ 22,070,218</u>	<u>\$ 24,222,206</u>	<u>\$ 20,802,639</u>	<u>\$ 13,101,027</u>	<u>\$ 11,105,146</u>	<u>\$ 13,544,643</u>	<u>\$ 10,625,365</u>	<u>\$ 10,825,393</u>
Covered employee payroll	\$ 113,067,000	\$ 116,176,000	\$ 125,803,000	\$ 136,668,000	\$ 116,175,000	\$ 119,370,000	\$ 122,650,000	\$ 126,022,875
Total OPEB liability as a percentage of covered-employee payroll	19.52%	20.85%	16.54%	15.19%	17.18%	17.67%	15.44%	16.09%

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 year-end 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, 2025

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.170%	0.178%	0.172%	0.185%	0.184%	0.170%	0.150%	0.179%	0.191%	0.203%
District's proportionate share of the net pension liability	\$114,579,000	\$143,862,000	\$159,188,000	\$169,605,000	\$166,062,000	\$165,220,000	\$ 68,123,000	\$124,696,000	\$145,246,000	\$136,137,000
State's proportionate share of the net pension liability associated with the District	<u>60,599,000</u>	<u>81,906,000</u>	<u>94,175,000</u>	<u>97,107,000</u>	<u>90,598,000</u>	<u>90,292,000</u>	<u>40,532,000</u>	<u>70,481,000</u>	<u>69,592,000</u>	<u>62,461,000</u>
Total net pension liability	<u>\$175,178,000</u>	<u>\$225,768,000</u>	<u>\$253,363,000</u>	<u>\$266,712,000</u>	<u>\$256,660,000</u>	<u>\$255,512,000</u>	<u>\$108,655,000</u>	<u>\$195,177,000</u>	<u>\$214,838,000</u>	<u>\$198,598,000</u>
District's covered payroll	\$ 78,993,000	\$ 88,645,000	\$ 91,229,000	\$ 99,069,000	\$100,487,000	\$ 93,594,000	\$ 87,114,000	\$104,076,000	\$122,621,000	\$133,867,000
District's proportionate share the net pension liability as a percentage of its covered payroll	145.05%	162.29%	174.49%	171.20%	165.26%	176.53%	78.20%	119.81%	118.45%	101.70%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2025

	Public Employer's Retirement Fund B Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.247%	0.252%	0.249%	0.255%	0.258%	0.254%	0.252%	0.283%	0.293%	0.296%
District's proportionate share of the net pension liability	\$ 36,423,000	\$ 49,779,000	\$ 59,526,000	\$ 68,116,000	\$ 75,242,000	\$ 78,076,000	\$ 51,148,000	\$ 97,473,000	\$106,080,000	\$105,743,000
District's covered payroll	\$ 27,356,000	\$ 30,238,000	\$ 31,792,000	\$ 34,238,000	\$ 35,759,000	\$ 36,639,000	\$ 37,726,000	\$ 43,417,000	\$ 50,638,000	\$ 58,854,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	133.14%	164.62%	187.24%	198.95%	210.41%	213.10%	135.58%	224.50%	209.49%	179.67%
Plan fiduciary net position as a percentage of the total pension liability	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%	72.29%

The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the year ended June 30, 2025

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 9,511,596	\$ 11,626,528	\$ 14,295,673	\$ 16,359,301	\$ 16,968,528	\$ 16,638,695	\$ 19,549,503	\$ 23,420,532	\$ 25,568,561	\$ 26,935,190
Contributions in relation to the contractually required contribution	<u>(9,511,596)</u>	<u>(11,626,528)</u>	<u>(14,295,673)</u>	<u>(16,359,301)</u>	<u>(16,968,528)</u>	<u>(16,638,695)</u>	<u>(19,549,503)</u>	<u>(23,420,532)</u>	<u>(25,568,561)</u>	<u>(26,935,190)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 88,645,000	\$ 91,229,000	\$ 99,069,000	\$100,487,000	\$ 93,594,000	\$ 87,114,000	\$104,076,000	\$122,621,000	\$133,867,000	\$141,022,000
Contributions as a percentage of covered payroll	10.73%	12.58%	14.43%	16.28%	17.10% *	16.15%**	16.92%***	19.10%	19.10%	19.10%

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

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

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the year ended June 30, 2025

	Public Employer's Retirement Fund B Last 10 Fiscal Years									
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 3,582,309	\$ 4,410,078	\$ 5,317,520	\$ 4,166,135	\$ 7,225,614	\$ 7,809,322	\$ 10,249,752	\$ 12,846,987	\$ 15,702,297	\$ 17,617,079
Contributions in relation to the contractually required contribution	<u>(3,582,309)</u>	<u>(4,410,078)</u>	<u>(5,317,520)</u>	<u>(4,166,135)</u>	<u>(7,225,614)</u>	<u>(7,809,322)</u>	<u>(10,249,752)</u>	<u>(12,846,987)</u>	<u>(15,702,297)</u>	<u>(17,617,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 30,238,000	\$ 31,792,000	\$ 34,238,000	\$ 35,759,000	\$ 36,639,000	\$ 37,726,000	\$ 43,417,000	\$ 50,638,000	\$ 58,854,000	\$ 65,128,000
Contributions as a percentage of covered payroll	11.85%	13.89%	15.53%	11.65%	19.72%	20.70%	23.61%	25.37%	26.68%	27.05%

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

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

Schedule of Changes in Net Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available.

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.

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.

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

Changes of Assumptions: The discount rate used for the net OPEB liability was 3.5, 5.0, 5.0, 6.5, and 6.5 percent at the June 30, 2020, 2021, 2022, 2023, and 2024 measurement dates, respectively.

The following are the assumptions for the Public Employer's Retirement Fund B (PERF B) Plan:

	<u>Measurement Period</u>									
<u>Assumption</u>	<u>As of June 30, 2024</u>	<u>As of June 30, 2023</u>	<u>As of June 30, 2022</u>	<u>As of June 30, 2021</u>	<u>As of June 30, 2020</u>	<u>As of June 30, 2019</u>	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
Inflation rate	2.30%	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

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

	<u>Measurement Period</u>									
<u>Assumption</u>	<u>As of June 30, 2024</u>	<u>As of June 30, 2023</u>	<u>As of June 30, 2022</u>	<u>As of June 30, 2021</u>	<u>As of June 30, 2020</u>	<u>As of June 30, 2019</u>	<u>As of June 30, 2018</u>	<u>As of June 30, 2017</u>	<u>As of June 30, 2016</u>	<u>As of June 30, 2015</u>
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2025

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Total
ASSETS											
Cash in County Treasury	\$ -	\$ 780,638	\$ 1,248,908	\$ 2,971,204	\$ 8,911,639	\$ 1,079,790	\$ 12,770	\$ 192	\$ 2,560,831	\$ 35,358,576	\$ 52,924,548
Cash in banks	1,860,914	-	2,817	-	14,270	-	-	-	189,371	-	2,067,372
Cash in revolving fund	-	10,000	-	-	-	-	-	-	-	-	10,000
Cash with Fiscal agent	-	-	-	-	-	-	-	-	-	2,705,970	2,705,970
Receivables	-	25,575	293,043	282,297	3,217,101	16,958	3,615	93	699,428	514,730	5,052,840
Due from other funds	-	303,418	-	1,840	49,330	-	966,804	-	-	-	1,321,392
Total assets	<u>\$ 1,860,914</u>	<u>\$ 1,119,631</u>	<u>\$ 1,544,768</u>	<u>\$ 3,255,341</u>	<u>\$ 12,192,340</u>	<u>\$ 1,096,748</u>	<u>\$ 983,189</u>	<u>\$ 285</u>	<u>\$ 3,449,630</u>	<u>\$ 38,579,276</u>	<u>\$ 64,082,122</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ -	\$ 120,479	\$ 19,034	\$ 18,983	\$ 129,642	\$ 422,242	\$ 5,599	\$ -	\$ 101,024	\$ -	\$ 817,003
Unearned revenue	-	98,735	8,435	938,268	-	-	-	-	-	-	1,045,438
Due to other funds	-	577,269	45,309	138,528	354,453	-	-	-	-	-	1,115,559
Total liabilities	-	796,483	72,778	1,095,779	484,095	422,242	5,599	-	101,024	-	2,978,000
Fund balances:											
Nonspendable	-	10,000	-	-	-	-	-	-	-	-	10,000
Restricted	1,860,914	313,148	1,471,990	2,159,562	11,708,245	674,506	977,590	285	3,348,606	38,579,276	61,094,122
Total fund balance	<u>1,860,914</u>	<u>323,148</u>	<u>1,471,990</u>	<u>2,159,562</u>	<u>11,708,245</u>	<u>674,506</u>	<u>977,590</u>	<u>285</u>	<u>3,348,606</u>	<u>38,579,276</u>	<u>61,104,122</u>
Total liabilities and fund balances	<u>\$ 1,860,914</u>	<u>\$ 1,119,631</u>	<u>\$ 1,544,768</u>	<u>\$ 3,255,341</u>	<u>\$ 12,192,340</u>	<u>\$ 1,096,748</u>	<u>\$ 983,189</u>	<u>\$ 285</u>	<u>\$ 3,449,630</u>	<u>\$ 38,579,276</u>	<u>\$ 64,082,122</u>

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the year ended June 30, 2025

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Develop- ment Fund	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transportation Equipment Fund	County School Facilities Fund	Special Reserve for Capital Outlay Projects Fund	Formerly Major Bond Interest Redemption Fund	Total
Revenues:											
LCFF:											
State apportionment	\$ -	\$ 1,030,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,030,023
Local sources	-	606,048	-	-	-	750,566	-	-	-	-	1,356,614
Total LCFF	-	1,636,071	-	-	-	750,566	-	-	-	-	2,386,637
Federal sources	-	-	356,695	-	6,904,089	-	-	-	-	-	7,260,784
Other state sources	-	190,537	1,414,913	3,649,445	8,095,559	-	-	-	-	158,908	13,509,362
Other local sources	2,958,986	36,883	279,861	30,443	380,409	25,704	10,971	285	1,213,657	39,121,459	44,058,658
Total revenues	2,958,986	1,863,491	2,051,469	3,679,888	15,380,057	776,270	10,971	285	1,213,657	39,280,367	67,215,441
Expenditures:											
Current:											
Certificated salaries	-	814,064	750,597	115,834	-	-	-	-	-	-	1,680,495
Classified salaries	-	176,261	416,040	1,728,336	3,906,329	-	-	-	380,490	-	6,607,456
Employee benefits	-	391,456	403,696	787,498	1,445,169	-	-	-	123,318	-	3,151,137
Books and supplies	-	73,833	86,247	191,120	7,017,000	60,025	-	-	6,843	-	7,435,068
Contract services and operating expenditures	2,803,923	779,083	72,472	56,087	137,750	223,974	-	-	31,540	-	4,104,829
Capital outlay	-	-	-	250,235	98,609	1,449,974	1,379,381	-	2,068,281	-	5,246,480
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	-	12,403,169	12,403,169
Interest	-	-	-	-	-	-	-	-	-	25,784,359	25,784,359
Total expenditures	2,803,923	2,234,697	1,729,052	3,129,110	12,604,857	1,733,973	1,379,381	-	2,610,472	38,187,528	66,412,993
(Deficiency) excess or revenues (under) over expenditures	155,063	(371,206)	322,417	550,778	2,775,200	(957,703)	(1,368,410)	285	(1,396,815)	1,092,839	802,448
Other financing sources (uses):											
Transfers in	-	-	-	-	-	950,000	1,400,000	-	-	-	2,350,000
Transfers out	-	(10,886)	(45,309)	(141,712)	(327,199)	-	-	-	(262,000)	-	(787,106)
Premium from issuance of debt	-	-	-	-	-	-	-	-	-	2,706,410	2,706,410
Total other financing (uses) sources	-	(10,886)	(45,309)	(141,712)	(327,199)	950,000	1,400,000	-	(262,000)	2,706,410	4,269,304
Net change in fund balances	155,063	(382,092)	277,108	409,066	2,448,001	(7,703)	31,590	285	(1,658,815)	3,799,249	5,071,752
Fund balances, July 1, 2024	1,705,851	705,240	1,194,882	1,750,496	9,260,244	682,209	946,000	-	5,007,421	-	21,252,343
Adjustment- changes to and within the District	-	-	-	-	-	-	-	-	-	34,780,027	34,780,027
Fund balances, July 1, 2024 as adjusted	1,705,851	705,240	1,194,882	1,750,496	9,260,244	682,209	946,000	-	5,007,421	34,780,027	56,032,370
Fund balances, June 30, 2025	\$ 1,860,914	\$ 323,148	\$ 1,471,990	\$ 2,159,562	\$ 11,708,245	\$ 674,506	\$ 977,590	\$ 285	\$ 3,348,606	\$ 38,579,276	\$ 61,104,122

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
June 30, 2025

	<u>Second Period Report</u>	<u>Annual Report</u>
DISTRICT		
Certificate Numbers	69C8B0FD	206A81B5
Elementary:		
Transitional Kindergarten through Third	6,062	6,083
Fourth through Sixth	4,701	4,718
Seventh and Eighth	<u>3,100</u>	<u>3,108</u>
Subtotal Elementary	<u>13,863</u>	<u>13,909</u>
Secondary:		
Ninth through Twelfth	<u>6,673</u>	<u>6,653</u>
District Totals	<u><u>20,536</u></u>	<u><u>20,562</u></u>
CHARTER SCHOOL		
Certificate Numbers	2F183F6F	AD8D21E2
Folsom Cordova K-8 Community Charter School (Nonclassroom Based):		
Transitional Kindergarten through Third	60	60
Fourth through Sixth	41	41
Seventh and Eighth	<u>42</u>	<u>41</u>
Charter School Total	<u><u>143</u></u>	<u><u>142</u></u>

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the year ended June 30, 2025

<u>Grade Level</u>	<u>Statutory Minutes Requirement</u>	<u>2024-25 Actual Minutes Offered</u>	<u>Credited Minutes Per Approved Form J-13A*</u>	<u>Actual Number of Days Offered</u>	<u>Credited Days per Approved Form J-13A*</u>	<u>Number of Days</u>	<u>Status</u>
DISTRICT							
Kindergarten	36,000	52,542	-	178	2	180	In Compliance
Grade 1	50,400	52,542	-	178	2	180	In Compliance
Grade 2	50,400	52,542	-	178	2	180	In Compliance
Grade 3	50,400	53,718	-	178	2	180	In Compliance
Grade 4	54,000	54,182	-	178	2	180	In Compliance
Grade 5	54,000	54,182	-	178	2	180	In Compliance
Grade 6	54,000	61,705	-	178	2	180	In Compliance
Grade 7	54,000	61,705	-	180	-	180	In Compliance
Grade 8	54,000	61,705	-	180	-	180	In Compliance
Grade 9	64,800	64,822		180	-	180	In Compliance
Grade 10	64,800	64,822		180	-	180	In Compliance
Grade 11	64,800	64,822		180	-	180	In Compliance
Grade 12	64,800	64,822		180	-	180	In Compliance
CHARTER SCHOOL							
Kindergarten	**	**		181	-	180	In Compliance
Grade 1	**	**		181	-	180	In Compliance
Grade 2	**	**		181	-	180	In Compliance
Grade 3	**	**		181	-	180	In Compliance
Grade 4	**	**		181	-	180	In Compliance
Grade 5	**	**		181	-	180	In Compliance
Grade 6	**	**		181	-	180	In Compliance
Grade 7	**	**		181	-	180	In Compliance
Grade 8	**	**		181	-	180	In Compliance
** Statutory minutes and actual minute offered are not applicable to the charter school as a non-classroom based charter school.							

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<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	\$ 4,287,331
84.173	Special Education: IDEA Preschool Grants Part B, Section 619 (Age 3-4-5)	13430	97,705
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Section 619	13431	1,078
84.173A	Special Education: Alternate Dispute Resolution, Part B, Sec 611	13007	15,157
84.027A	Special Education: IDEA Mental Health Services	15197	253,131
	Subtotal Special Education Cluster		<u>4,654,402</u>
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ESL	14508	171,166
84.002	Adult Education: Adult Secondary Education	13978	112,845
84.002A	Adult Education: English Literacy & Civics Education Local Grant	14109	72,684
	Subtotal Adult Education Programs		<u>356,695</u>
	ESEA: Title I Programs		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	3,211,233
84.010	ESEA: ESSA School Improvements (CSI) Funding for LEA's	15438	177,624
	Subtotal ESEA: Title I Programs		<u>3,388,857</u>
	COVID-19 Education Stabilization Fund Programs:		
84.425	COVID-19 American Rescue Plan - Homeless Children & Youth (ARP HCY II)	15566	1,512
84.425	COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III)	15559	971,529
	Subtotal COVID-19 Education Stabilization Fund Programs		<u>973,041</u>

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture - Passed through California</u>			
<u>Department of Education</u>			
	Title III Programs:		
84.365	ESSA: Title III, Immigrant Education Program	15146	\$ 39,952
84.365	Indian Education	10011	9,869
84.365	ESEA: Title III, English Learner Student Program	14346	<u>273,203</u>
	Subtotal Title III Programs		<u>323,024</u>
84.424	ESEA Title IV, Part A, Student Support and Academic Enrichment Grant Program	15396	322,487
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Grants	14332	79,060
84.181	Special Education : Idea Early Intervention Grants, Part C	23761	91,745
84.367	ESEA: Title II, Part A, Supporting Effective Instruction State Grants (Formerly: Improving Teacher Quality Local Grants)	14341	421,468
84.048	Carl D.Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	<u>149,385</u>
	Total U.S. Department of Education		<u>10,760,164</u>
<u>United States Department of Agriculture - Passed through California</u>			
<u>Department of Education</u>			
10.555	Child Nutrition: School Programs: Child Nutrition Cluster	13390	<u>6,665,630</u>
10.558	Child Nutrition: Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	13666	429,362
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	<u>28,574</u>
	Total U.S. Department of Agriculture		<u>7,123,566</u>
	Total Federal Programs		<u>\$ 17,883,730</u>

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the year ended June 30, 2025

	Bond Interest and Redemption <u>Fund</u>
June 30, 2025 Unaudited Actual Financial Reporting Ending Fund Balance:	\$ 34,728,196
To correct debt issuance premiums recorded by the Sacramento County Treasurer	<u>3,851,080</u>
June 30, 2025 Audit Financial Statements Ending Fund Balance	<u>\$ 38,579,276</u>

	Student Care Center <u>Fund</u>
June 30, 2025 Unaudited Actual Financial Reporting Ending Fund Balance:	\$ 4,339,576
Allocation of deferred outflows, deferred inflows and net pension liability	<u>(3,096,649)</u>
June 30, 2025 Audit Financial Statements Ending Fund Balance	<u>\$ 1,242,927</u>

	General <u>Fund</u>
June 30, 2025 Unaudited Actual Financial Reporting Ending Fund Balance:	\$ 82,963,406
Client proposed entry to record investment revenue	<u>745,599</u>
June 30, 2025 Audit Financial Statements Ending Fund Balance	<u>\$ 83,709,005</u>

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

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the year ended June 30, 2025
(Unaudited)

	(Budgeted) <u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>General Fund</u>				
Revenues and other financing sources	\$ 345,256,172	\$ 340,633,838	\$ 330,391,235	\$ 329,919,054
Expenditures	372,218,835	350,986,627	323,187,848	300,688,142
Other uses and transfers out	<u>1,410,754</u>	<u>2,350,000</u>	<u>3,908,015</u>	<u>1,878,385</u>
Total outgo	<u>373,629,589</u>	<u>353,336,627</u>	<u>327,095,863</u>	<u>302,566,527</u>
Change in fund balance	<u>\$ (28,373,417)</u>	<u>\$ (12,702,789)</u>	<u>\$ 3,295,372</u>	<u>\$ 27,352,527</u>
Ending fund balance	<u>\$ 55,335,588</u>	<u>\$ 83,709,005</u>	<u>\$ 96,411,794</u>	<u>\$ 93,116,422</u>
Available reserves	<u>\$ 11,113,513</u>	<u>\$ 10,578,563</u>	<u>\$ 9,800,238</u>	<u>\$ 9,064,401</u>
Designated for economic uncertainties	<u>\$ 11,113,513</u>	<u>\$ 10,578,563</u>	<u>\$ 9,800,238</u>	<u>\$ 9,064,401</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>3%</u>	<u>3%</u>	<u>3%</u>	<u>3%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 880,366,910</u>	<u>\$ 876,698,690</u>	<u>\$ 824,345,240</u>	<u>\$ 812,728,803</u>
Average daily attendance at P-2	<u>20,953</u>	<u>20,536</u>	<u>19,863</u>	<u>19,134</u>

The General Fund fund balance has increased by \$17,945,110 over the past three years. The fiscal year 2025-2026 budget projects a decrease of \$28,373,417. 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 2025-2026.

Total long-term liabilities have increased by \$63,969,887 over the past two years, primarily due to the pay down of debt and to the issuance of General Obligation Bonds in the current year.

Average daily attendance has increased by 1,402 over the past two years. An increase of 417 is projected for the 2025-2026 fiscal year.

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the year ended June 30, 2025

<u>Charter #</u>	<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
0650	Folsom Cordova K-8 Community Charter	Included in District Financial Statements
2137	New Pacific Charter Rancho Cordova	Separate Report

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
For the year ended June 30, 2025

	<u>First 5 Sacramento</u>
Revenues	
Other local sources	\$ 175,400
Expenditures:	
Current:	
Classified salaries	90,130
Employee benefits	37,912
Books and supplies	27,961
Contract services and operating expenditures	11,140
Indirect costs	8,257
Total expenditures	<u>175,400</u>
Net change in fund balance	-
Fund balances, July 1, 2024	<u>-</u>
Fund balances, June 30, 2025	<u><u>\$ -</u></u>

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

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

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

Schedule of Expenditures of Federal Awards: The Schedule of Expenditures of Federal Awards includes the federal award activity of Folsom Cordova Unified School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

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

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2025-26 fiscal year, as required by the State Controller's Office. The information in the schedule has been derived from audited information.

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

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

NOTE 2 – EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2025, the District did not adopt such a program.

OTHER INFORMATION

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2025

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	2028
Kara Lofthouse	Vice President	2026
Jennifer Laret	Clerk	2026
YK Chalamcherla	Member	2028
David Reid	Member	2026

ADMINISTRATION

Erik Swanson
Superintendent

Sean Martin
Assistant Superintendent, Business Services

Jim Huber, Ed.D.
Assistant Superintendent, Educational Services

Don Ogdon, Ed.D.
Associate Superintendent, Human Resources

Betty Jo Wessinger
Assistant Superintendent Special Education/SELPA Director

Linda Thurlo
Executive Director, Administrative Services

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

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

Report on Compliance***Opinion on State Compliance***

We have audited Folsom Cordova Unified School District's (the District) compliance with the requirements specified in the State of California *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to below.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements noted in the table below and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements noted in the table below occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements noted in the table below is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements noted in the table below and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>2024-25 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
<i>Local Education Agencies Other than Charter Schools:</i>	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A, see below
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A, see below
N. Middle or Early College High Schools	N/A, see below
O. K-3 Grade Span Adjustment	Yes
Q. Apprenticeship: Related and Supplemental Instruction	N/A, see below
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A, see below
TT. Home to School Transportation Reimbursement	Yes

(Continued)

2024-25 K-12 Audit Guide Procedures (continued)

Procedures
Performed

School Districts, County Offices of Education, and Charter Schools:

T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	N/A, see below
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
FZ. Kindergarten Continuance	Yes

Charter Schools:

AA. Attendance	Yes
BB. Mode of Instruction	N/A, see below
CC. Nonclassroom-Based Instruction/Independent Study	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction	Yes
EE. Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter School Facility Grant Program	N/A, see below

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

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

The District does not operate Middle or Early College Schools, therefore we did not perform any procedures related to Middle or Early College 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 Independent Study - Course Based because the District did not have any independent study - course based classes.

The District's schools submitted timely immunization assessment reports to the California Department of Public Health; therefore, we did not perform any procedures related to Immunizations program.

The District did not have any Expanded Learning Opportunities Grant expenditures in the current year, therefore, we did not perform any procedures related to Expanded Learning Opportunities Grant.

The District's Charter school is non-classroom based, therefore, we did not perform any procedures related to Charter Schools- Mode of Instruction.

The District's Charter school is non-classroom based, therefore, we did not perform any procedures related to Charter Schools - Annual Instructional Minutes-Classroom Based.

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

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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 *2024-25 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
December 12, 2025

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Folsom Cordova Unified School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Folsom Cordova Unified School District basic financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Folsom Cordova Unified School District 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 internal control. Accordingly, we do not express an opinion on the effectiveness of Folsom Cordova Unified School District 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 or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Folsom Cordova Unified School District 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*.

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

Crowe LLP

Sacramento, California
December 12, 2025

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

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Folsom Cordova Unified School District compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Folsom Cordova Unified School District major federal program for the year ended June 30, 2025. Folsom Cordova Unified School District major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 major federal program for the year ended June 30, 2025.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Folsom Cordova Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Folsom Cordova Unified School District compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Folsom Cordova Unified School District federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Folsom Cordova Unified School District compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Folsom Cordova Unified School District compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we,

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Folsom Cordova Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Folsom Cordova Unified School District internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Folsom Cordova Unified School District internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Sacramento, California
December 12, 2025

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

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

Report on Compliance

Opinion on First 5 Sacramento County Program

We have audited Folsom Cordova Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that have a direct and material effect on the First 5 Sacramento County Program for the year ended June 30, 2025.

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, 2025.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the First 5 Sacramento County Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the First 5 Sacramento County Program Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the First 5 Sacramento County Program Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the First 5 Sacramento County Program Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 the First 5 Sacramento County 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 the First 5 Sacramento County 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 the First 5 Sacramento County 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 or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 First 5 Sacramento County Program Guidelines. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Sacramento, California
December 12, 2025

FINDINGS AND RECOMMENDATIONS

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

<u> </u> Yes	<u> X </u> No
-----------------------	-------------------------

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> 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)?

<u> </u> Yes	<u> X </u> No
-----------------------	-------------------------

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

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

Auditee qualified as low-risk auditee?

<u> X </u> Yes	<u> </u> No
--------------------------	----------------------

STATE AWARDS

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

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

2024-001 DEFICIENCY – ATTENDANCE REPORTING (10000)

Condition: At Oak Chan Elementary School one student was improperly claimed for apportionment, for one day, resulting in an overstatement of 0.01 ADA.

Recommendation: The District should obtain and maintain appropriate attendance records to be in compliance with attendance requirements.

Current Status: Implemented.

District Explanation if Not Implemented: N/A

(Continued)

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year ended June 30, 2025

**2024-002 – DEFICIENCY – STATE COMPLIANCE – UNDUPLICATED LOCAL CONTROL FUNDING
FORMULA PUPIL COUNTS (40000)**

Condition: In testing performed on a sample basis, a total of three students were improperly identified as the Free and Reduced Meal Program in the District's CALPADS reporting for the 2023-24 school year for the purposes of Unduplicated Local Control Funding Formula Pupil Counts. The extrapolated impact of this error is a total of 354 students reported as FRPM eligible on the District's adjusted CALPADS reporting for the 2023-24 school year.

Folsom Cordova Unified School District					
Unduplicated pupil count based on:	Enrollment	FRPM	ELAS	Both	TOTAL
As certified on CALPADS	20,828.00	4,050.00	704.00	3,503.00	8,257.00
Audit Adjustments		(354.00)	-	-	-
Adjusted Counts	20,828.00	<u>3,696.00</u>	<u>704.00</u>	<u>3,503.00</u>	<u>7,903.00</u>

Recommendation: The District should ensure that all students are properly reflected in the CALPADS reporting under the appropriate free or reduced-price meal program status. In addition, the District shall submit a revised "School District Audit Adjustment to CALPADS Data" certification to reflect the additional reduction of 354 students.

Current Status: Implemented.

District Explanation if Not Implemented: N/A