PRELIMINARY OFFICIAL STATEMENT DATED APRIL 24, 2025

NEW ISSUE – FULL BOOK-ENTRY

RATING: Moody's: "Aa2"
(See "RATING" herein)

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)

$36,000,000*
Election of 2024 General Obligation Bonds,
Series A (Measure R)
(School Facilities Improvement District No. 4)

$36,000,000*
Election of 2024 General Obligation Bonds,
Series A (Measure S)
(School Facilities Improvement District No. 4)

Dated: Date of Delivery

Due: October 1, as shown on the inside cover pages

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used by not otherwise defined on this cover page shall have the meanings assigned in the Official Statement.

The Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure R) (School Facilities Improvement District No. 4) (the "Measure R Bonds") are being issued by the Folsom Cordova Unified School District (the "School District") to (i) finance the repair, upgrading, acquisition, construction and equipping of certain elementary school sites and facilities in the Folsom Cordova Unified School District School Facilities Improvement District No. 4 (the "Improvement District"), and (ii) pay the costs of issuing the Measure R Bonds.

The Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure S) (School Facilities Improvement District No. 4) (the "Measure S Bonds," and together with the Measure R Bonds, the "Bonds"), are being issued by the School District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain middle and high school sites and facilities in the Improvement District, and (ii) pay the costs of issuing the Measure S Bonds.

The Bonds are general obligations of the School District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Sacramento County (the "County Board") is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the Improvement District subject to taxation by the School District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their date of delivery and be payable semiannually on April 1 and October 1 of each year, commencing October 1, 2025. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to as herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. Payments of the principal of and interest on the Bonds will be made by the Sacramento County Department of Finance, as the designated Paying Agent, to DTC for subsequent disbursement through DTC Participants to the Beneficial Owners.

The Bonds are subject to redemption prior to maturity as further described herein*.

For Maturity Schedules
see inside cover pages

Pursuant to the terms of a public sale conducted on __________, 2025, the Measure R Bonds were awarded to the Measure R Bonds Underwriter at a True-Interest Cost of _________%. Pursuant to the terms of a public sale conducted on ___________, 2025, the Measure S Bonds were awarded to the Measure S Bonds Underwriter at a True-Interest Cost of _________%. The Bonds are being offered when, as and if issued and received by the respective Underwriters, subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, San Francisco, California, Bond Counsel. Certain matters will be passed on for the School District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel. The Bonds, in book-entry form, will be available for through the facilities of The Depository Trust Company in New York, New York on or about May 22, 2025.*

Dated: ___________, 2025

* Preliminary, subject to change.

MATURITY SCHEDULES*

(1 of 2)

$________________
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
Election of 2024 General Obligation Bonds, Series A
(Measure R)
(School Facilities Improvement District No. 4)

Base CUSIP†: _________

$________________ Serial Bonds

Maturity October 1	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

$_________ – ____% Term Bonds due October 1, 20__ - Yield: ______%; CUSIP† Suffix:

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* Preliminary; subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data is provided by CUSIP Global Services (CGS) which is owned by FactSet Research Systems Inc. ("FactSet"). FactSet will manage the CUSIP system on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Original Purchaser of the Measure R Bonds, the Municipal Advisor nor the School District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the School District, the Municipal Advisor or the Original Purchaser of the Measure R Bonds and are included solely for the convenience of the registered owners of the applicable Measure R Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Measure R Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Measure R Bonds.

MATURITY SCHEDULES*

(2 of 2)

$________________
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
Election of 2024 General Obligation Bonds, Series A
(Measure S)
(School Facilities Improvement District No. 4)

Base CUSIP†: _________

$_______________ Serial Bonds

Maturity October 1	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

$_________ – ____% Term Bonds due October 1, 20__ - Yield: ______%; CUSIP† Suffix:

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data is provided by CUSIP Global Services (CGS) which is owned by FactSet Research Systems Inc. ("FactSet"). FactSet will manage the CUSIP system on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Original Purchaser of the Measure S Bonds, the Municipal Advisor nor the School District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the School District, the Municipal Advisor or the Original Purchaser of the Measure S Bonds and are included solely for the convenience of the registered owners of the applicable Measure S Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Measure S Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Measure S Bonds.

<u>FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT</u>

SCHOOL DISTRICT ADMINISTRATION

Erik Swanson, *Superintendent*
Sean Martin, *Assistant Superintendent, Business Services*
Matt Washburn, *Chief Operations Officer*

<u>PROFESSIONAL SERVICES</u>

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
San Francisco, California

MUNICIPAL ADVISOR

Keygent LLC
El Segundo, California

PAYING AGENT, TRANSFER AGENT, AND BOND REGISTRAR

Sacramento County Department of Finance
Sacramento, California

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This Official Statement does not constitute an offering of any security other than the original offering of the Bonds. No dealer, broker, salesperson or other person has been authorized by the School District or the Improvement District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the School District or the Improvement District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the Improvement District and the School District herein.

Certain information set forth herein, other than that provided by the School District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the School District. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Improvement District or the School District since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE RESPECTIVE UNDERWRITER OF EACH SERIES OF THE BONDS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE RESPECTIVE UNDERWRITER OF EACH SERIES OF THE BONDS MAY OFFER AND SELL SUCH BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY SUCH UNDERWRITER.

The School District maintains a website and certain social media accounts. However, the information presented on the School District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

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\$36,000,000*
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
Election of 2024 General Obligation Bonds, Series A
(Measure R)
(School Facilities Improvement District No. 4)

\$36,000,000*
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
Election of 2024 General Obligation Bonds, Series A
Measure S
(School Facilities Improvement District No. 4)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover pages, and appendices hereto, provides information in connection with the sale of (i) Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure R) (School Facilities Improvement District No. 4) (the "Measure R Bonds"), and (ii) Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure S) (School Facilities Improvement District No. 4) (the "Measure S Bonds" and together with the Measure R Bonds, the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover pages, and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The School District

The Folsom Cordova Unified School District (the "School District") is located in the greater Sacramento metropolitan region, about 20 miles northeast of the City of Sacramento. The School District includes nearly all of the City of Folsom, a large portion of the City of Rancho Cordova, and adjacent unincorporated areas of Sacramento County (the "County"), encompassing a territory of about 96 square miles.

The School District was established in 1949 and is a unified school district serving students in grades TK-12. The School District operates 37 schools, including 22 elementary schools, four middle schools, three comprehensive high schools, seven alternative schools and one dependent charter elementary school. The School District also operates 30 preschool programs at 16 sites, transitional kindergarten programs at 17 sites, a Montessori program at one site, expanded learning opportunity programs at nine sites, 15 child care centers and an adult education program. The School District has a

* Preliminary; subject to change.

projected fiscal year 2024-25 enrollment of 21,780 students and an average daily attendance ("ADA") of 20,584 students.

The governing body of the School District is the Board of Education (the "Board"), which includes five voting members elected by the voters of the School District within five trustee areas. The Trustees serve four-year terms. Elections for Trustee positions to the Board are held every two years, alternating between two and three positions. The management and policies of the School District are administered by a Board-appointed Superintendent. Mr. Erik Swanson currently serves as the School District's Superintendent.

For more complete information concerning the School District, including certain financial information, see "FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT" and "SCHOOL DISTRICT FINANCIAL INFORMATION" herein. See also "IMPROVEMENT DISTRICT'S TAX BASE" for additional information regarding the assessed valuation of property within the Improvement District (as defined herein). The School District's audited financial statements for the fiscal year ended June 30, 2024 are attached hereto as APPENDIX B and should be read in their entirety.

The Improvement District

The Folsom Cordova Unified School District School Facilities Improvement District No. 4 (the "Improvement District") is located in the southwestern portion of the School District, and includes a portion of the City of Rancho Cordova and adjacent unincorporated territory of the School District. The Improvement District encompasses approximately 18.3 square miles, representing approximately 19.1% of the territory of the School District. The Improvement District has a fiscal year 2024-25 total assessed valuation of $7,699,858,311. See "THE IMPROVEMENT DISTRICT" herein and "APPENDIX A – BOUNDARY MAP OF THE IMPROVEMENT DISTRICT" attached hereto.

Sources of Payment for the Bonds

The Bonds are general obligations of the School District payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Sacramento County (the "County Board") is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the Improvement District subject to taxation by the School District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

See also generally "THE BONDS – Security and Sources of Payment" and "IMPROVEMENT DISTRICT'S TAX BASE" herein.

Purpose of Issue

The Measure R Bonds are being issued by the School District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain elementary school sites and facilities in the Improvement District, and (ii) pay the costs of issuing the Measure R Bonds.

The Measure S Bonds are being issued by the School District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain middle and high school sites and facilities in the Improvement District, and (ii) pay the costs of issuing the Measure S Bonds.

See also "ESTIMATED SOURCES AND USES OF FUNDS" and "APPLICATION OF PROCEEDS OF THE BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "APPENDIX F – BOOK-ENTRY ONLY SYSTEM" herein. Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions described herein. See "THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" and in APPENDIX D) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiples thereof.

Redemption. The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates, as further described herein. See "THE BONDS– Redemption" herein.

Payments. Each series of the Bonds will be dated as of the date of their respective initial delivery (each, a "Date of Delivery"), and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery, and be payable semiannually on each April 1 and October 1, commencing October 1, 2025 (each, a "Bond Payment Date"). Principal on the Bonds is payable on October 1 of each year, as shown on the inside cover pages hereof.

Payments of the principal of and interest on the Bonds will be made by the Sacramento County Department of Finance (the "Director of Finance"), as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners. See also "APPENDIX F – BOOK ENTRY-ONLY SYSTEM" attached hereto.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth LLP, San Francisco, California ("Bond Counsel") under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California (the "State") personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations. See "TAX MATTERS" herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to the Resolutions (as defined herein). See "THE BONDS – Authority for Issuance" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about May 22, 2025*.

Continuing Disclosure

The School District will covenant for the benefit of Owners and Beneficial Owners to make available certain financial information and operating data relating to the School District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be made available and of the notices of listed events is summarized in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "intend," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the School District herein.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth LLP, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the School District with respect to the Bonds. Keygent LLC, El Segundo, California, is acting as the School District's municipal advisor (the "Municipal Advisor") with respect to the Bonds. Stradling Yocca Carlson & Rauth LLP and Keygent LLC will receive compensation from the School District contingent upon the sale and delivery of the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Assistant Superintendent, Business Services, Folsom Cordova Unified School District, 1965 Birkmont Drive, Rancho Cordova, California, 95742, (916) 294-9004. The School District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion,

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* Preliminary, subject to change.

whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the School District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the School District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or the Improvement District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein will have the meaning assigned to such terms by the respective Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code and applicable provisions of the Education Code and Article XIII A of the State Constitution ("Article XIII A"), and pursuant to resolutions relating to each series of the Bonds adopted by the Board on March 6, 2025 (the "Resolutions"). The School District received authorization for the Measure R Bonds at an election held on November 5, 2024, by the requisite fifty-five percent of the votes cast by eligible voters within the Improvement District to issue $144,000,000 aggregate principal amount of general obligation bonds for elementary school improvements (the "Measure R Authorization"). The School District received authorization for the Measure S Bonds at an election held on November 5, 2024, by the requisite fifty-five percent of the votes cast by eligible voters within the Improvement District to issue $144,000,000 aggregate principal amount of general obligation bonds for middle and high school improvements (the "Measure S Authorization"). The Measure R Bonds are the first series of bonds issued pursuant to the Measure R Authorization, leaving $108,000,000[*] of the Measure R Authorization outstanding. The Measure S Bonds are the first series of bonds issued pursuant to the Measure S Authorization, leaving $108,000,000[*] of the Measure S Authorization outstanding.

Security and Sources of Payment

The Bonds are general obligations of the School District payable solely from the proceeds of *ad valorem* property taxes. The County Board is empowered and obligated to levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property within the Improvement District subject to taxation by the School District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. *Ad valorem* property taxes levied to pay the Bonds will be levied annually in addition to all other taxes in an amount sufficient to pay the principal of and interest thereon when due, as described above. The levy *ad valorem* property taxes for payment of the Bonds may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. However, the County is not obligated to establish or maintain such a reserve for any of the Bonds, and the School District can make no representations that the County will do so. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein)

[*] Preliminary; subject to change.

for each series of the Bonds established by the Resolutions, each of which is required to be segregated and maintained by the County and which is designated for the payment of the respective series of Bonds to which such Debt Service Fund relates, and interest thereon when due, and for no other purpose. Pursuant to each of the Resolutions, the School District has pledged funds on deposit in each Debt Service Fund to the payment of the respective series of Bonds to which such fund relates. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and will maintain the Building Funds and the Debt Service Funds, none of the Bonds are a debt of the County.

The moneys in each Debt Service Fund, to the extent necessary to pay principal of and interest on the series of Bonds to which such Debt Service Fund relates, as the same becomes due and payable, will be transferred by the County Director of Finance, as Paying Agent, to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The rates of the annual *ad valorem* property taxes levied by the County on property within the Improvement District to pay the principal of and interest on the applicable series of Bonds, as described above, will be determined by the relationship between the assessed valuation of taxable property in the Improvement District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service due on the respective series of Bonds and the assessed value of taxable property in the Improvement District may cause the annual tax rate to fluctuate. Economic and other factors beyond the School District's control, such as a general market decline in land values, outbreaks of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), a relocation out of an Improvement District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, drought, fire, flood, or other natural disaster, could cause a reduction in the assessed value of taxable property within the Improvement District and could necessitate a corresponding increase in the annual tax rate in the Improvement District. For further information regarding the Improvement District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "IMPROVEMENT DISTRICT'S TAX BASE" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the School District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the School District issued after January 2016 and payable, both principal and interest, from the proceeds of *ad valorem* taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIIIA of the State Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. Beneficial Owners will not receive certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

Interest on the Bonds accrues from their date of delivery, and is payable on each Bond Payment Date, commencing October 1, 2025. Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before September 15, 2025, in which event it shall bear interest from the date of delivery. The Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof, and mature on October 1, in the years and amounts set forth on the inside cover pages hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15^{th} day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See also "APPENDIX F – BOOK-ENTRY ONLY SYSTEM" herein.

Paying Agent

The Department of Finance of the County will act as the Paying Agent for the Bonds. As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC.

None of the School District, the Municipal Advisor or the Underwriters (as defined herein) of each series of the Bonds has any responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds. See "APPENDIX F – BOOK-ENTRY ONLY SYSTEM" attached hereto.

Redemption

Optional Redemption. * The Measure R Bonds maturing on or before October 1, 2035, are not subject to redemption prior to their respective maturity dates. The Measure R Bonds maturing on or after October 1, 2036, are subject to redemption prior to their respective stated maturity dates, at the option of the School District, from any source of available funds, as a whole or in part on any date on or after October 1, 2035, at a redemption price equal to the principal amount of the Measure R Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium

The Measure S Bonds maturing on or before October 1, 2035, are not subject to redemption prior to their respective maturity dates. The Measure S Bonds maturing on or after October 1, 2036, are subject to redemption prior to their respective stated maturity dates, at the option of the School District, from any source of available funds, as a whole or in part on any date on or after October 1, 2035, at a redemption price equal to the principal amount of the Measure S Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

Mandatory Redemption. * The Measure R Bonds maturing on October 1, 20__ (the "20__ Term Measure R Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on October 1 of each year, on and after October 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such 20__ Term Measure R Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

Year Ending October 1	Principal Redemption

[(1)] Maturity.

In the event that a portion of the 20__ Term Measure R Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such 20__ Term Measure R Bonds optionally redeemed.

The Measure S Bonds maturing on October 1, 20__ (the "20__ Term Measure S Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on October 1 of each year, on and after October 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such 20__ Term Measure S Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

Year Ending October 1	Principal Redemption

[(1)] Maturity.

* Preliminary; subject to change.

In the event that a portion of the 20__ Term Measure S Bonds shown above is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such 20__ Term Measure S Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds, if less than all of the Bonds of a single series and stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in any order of maturity selected by the School District or, if not so selected, in the inverse order of maturity. If less than all of the Bonds of any one maturity of a single series shall be called for redemption, the particular Bonds or portions of Bonds of such maturity within a single series to be redeemed shall be selected by the Paying Agent as directed by the School District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any such Bond to be redeemed shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Redemption. Notice of any redemption of Bonds will be mailed, postage-prepaid, not less than 20 but not more than 45 days prior to the redemption date (i) by registered or certified mail to the respective registered owners thereof at the addresses appearing on the bond registration books, (ii) by registered or certified mail or overnight delivery service to the Securities Depository described below, and (iii) by registered or certified mail, telephonically confirmed transmission or overnight delivery service to one or more of the Information Services described below. Such notice of redemption shall also be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate (as defined herein).

Each notice of redemption will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate, and stated maturity date of each Bond to be redeemed in whole or in part. Such notice will further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest with respect thereto will cease to accrue.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

"Securities Depository" shall mean The Depository Trust Company, 140 58th Street, Brooklyn, NY 11220, New York, New York 10041.

The actual receipt by the owner of any Bond or of the Securities Depository or Information Service of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice mailed, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of interest on the date fixed for redemption. A certificate of the Paying Agent or the School District that notice of call and redemption has been given to owners and the appropriate Securities Depository or Information Services will be conclusive as against all parties.

The notice or notices required for redemption will be given by the Paying Agent or its designee. A certificate by the Paying Agent that notice of call and redemption has been given to owners of Bonds and to the appropriate Securities Depository and Information Services shall be conclusive as against all parties, and no Bondowner whose Bond is called for redemption may object thereto or object to the cessation of interest on the fixed redemption date by any claim or showing that said Bondowner failed to actually receive such notice of call and redemption.

Conditional Notice of Redemption. With respect to any notice of optional redemption of Bonds (or portions thereof) described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance" herein, such notice shall state that such redemption shall be conditional upon the receipt by an independent escrow agent selected by the School District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of and interest on such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and such Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the School District has the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of the rescission of such notice in the same manner as such notice was originally provided.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like series, tenor and maturity and of authorized denominations equal in principal amount to the unredeemed portion of the Bond surrendered (the "Transfer Amount"). Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the School District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. If notice of redemption is given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) have been set aside as described in "— Defeasance" herein, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, moneys for the optional redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, are held in trust so as to be available therefor on such redemption date, and if Redemption Notice thereof has been given as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds to be so redeemed.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest with respect thereto to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the School District an amount of cash which together with amounts transferred from the applicable Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premium, if any); or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the School District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys transferred from the applicable Debt Service Fund, if any, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premium, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the School District, the respective Improvement District and the Paying Agent with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent selected by the School District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the owners of the Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations the payment of the principal of and interest on which is secured, guaranteed or otherwise backed by, directly or indirectly, a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's").

Discontinuation of Book-Entry Only System; Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the School District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the School District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Sacramento, California. Interest on the Bonds will be paid by the Paying Agent by wire to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the School District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	**Measure R Bonds**	**Measure S Bonds**
Principal Amount of Bonds		
[Net] Original Issue Premium		
Total Sources		
Uses of Funds		
Costs of Issuance[(1)]		
Deposit to Building Funds		
Deposit to Debt Service Funds		
Total Uses		

[(1)] Includes all costs of issuance related to the Bonds, including but not limited to the underwriting discount, municipal advisory and legal fees, rating agencies fees, printing costs, demographics fees, the costs and fees of the Paying Agent.

DEBT SERVICE SCHEDULE[1]

The following table shows the debt service schedule with respect to each series of the Bonds, as well as the outstanding debt service with respect to bonds previously issued on behalf of the Improvement District.

Period Ending October 1	Prior Outstanding Bonds	Annual Principal Payment (Measure R Bonds)	Annual Interest Payment (Measure R Bonds)	Annual Principal Payment (Measure S Bonds)	Annual Interest Payment (Measure S Bonds)	Total Annual Debt Service
Total						

(1) Interest payments will be made semiannually on April 1 and October 1 of each year, commencing October 1, 2025. Principal payable on October 1 of each year.

Application and Investment of Bond Proceeds

Use of Proceeds. The proceeds of the Measure R Bonds will be used (i) to finance the repair, upgrading, acquisition, construction and equipping of certain elementary school sites and facilities in the Improvement District, and (ii) to pay the costs of issuing the Measure R Bonds.

The proceeds of the Measure S Bonds will be used (i) to finance the repair, upgrading, acquisition, construction and equipping of certain middle and high school sites and facilities in the Improvement District, and (ii) to pay the costs of issuing the Measure S Bonds.

Building Funds. The proceeds of the sale from the Measure R Bonds and the Measure S Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of the building fund relating to each series of the Bonds created by the Resolutions (the "Measure R Building Fund" and the "Measure S Building Fund", respectively, and together, the "Building Funds"), and will be applied solely for the purposes for which such series of Bonds are being issued. Interest earnings in each Building Fund will be retained in such fund. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, upon written notice from the School District, will be transferred to the applicable Debt Service Fund and applied to the payment of the principal of and interest thereon.

Debt Service Funds. The *ad valorem* property taxes levied by the County for the payment of the Bonds, when collected, will be held separate and apart by the County in the debt service funds relating to each series of Bonds created by the Resolutions (the "Measure R Debt Service Fund" and the "Measure S Debt Service Fund", respectively, and together, the "Debt Service Funds"), and used only for payment of principal of and interest on the respective series of Bonds to which such Debt Service Fund relates. Any interest earnings on moneys held in each Debt Service Fund will be retained therein. If, after all of the respective series of Bonds to which such Debt Service Fund relates have been redeemed or paid and otherwise cancelled, there are moneys remaining in the such Debt Service Fund, said moneys will be applied to pay other outstanding bonds issued on behalf of the Improvement District, or otherwise transferred to the general fund of the School District as provided and permitted by law.

Investment of Funds. Moneys in the Debt Service Funds and the Building Funds are expected to be invested through the County's Pooled Investment Fund. See "APPENDIX G – SACRAMENTO COUNTY INVESTMENT POOL" attached hereto.

IMPROVEMENT DISTRICT'S TAX BASE

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the Improvement District. The Bonds shall be payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the Improvement District. The School District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

Property taxes within the Improvement District are assessed and collected by the County at the same time and on the same rolls as the special district property taxes. Assessed valuations are the same for both the School District and the County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the Improvement District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Unsecured property comprises certain property not attached to land such as personal property or business property. Boats and airplanes are examples of such property. Unsecured property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the County Director of Finance. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Director of Finance.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "—Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and K-14 school districts (as defined herein) share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuation

The table below shows the assessed valuation of property within the Improvement District from fiscal year 2014-15 through fiscal year 2024-25, each as of the date the equalized assessment roll is established in August of each year.

ASSESSED VALUATION
Fiscal Years 2014-15 through 2024-25
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

	Local Secured	Utility	Unsecured	Total	Annual % Change
2014-15	$4,243,574,551	$146,060	$423,200,487	$4,666,921,098	--
2015-16	4,428,018,128	152,593	419,710,620	4,847,881,341	3.88%
2016-17	4,731,261,872	152,593	415,293,746	5,146,708,211	6.16
2017-18	5,061,967,527	152,593	378,537,332	5,440,657,452	5.71
2018-19	5,489,816,082	152,593	415,929,346	5,905,898,021	8.55
2019-20	5,823,264,649	227,575	422,251,310	6,245,743,534	5.75
2020-21	6,094,281,025	227,575	408,806,799	6,503,315,399	4.12
2021-22	6,373,844,049	201,000	406,106,932	6,780,151,981	4.26
2022-23	6,735,829,208	201,000	413,791,544	7,149,821,752	5.45
2023-24	7,072,700,419	233,160	446,300,820	7,519,234,399	5.17
2024-25	7,292,098,804	233,160	407,526,347	7,699,858,311	2.40

Source: California Municipal Statistics, Inc.

Assessed Valuation By Jurisdiction. The following table shows an analysis of the distribution of taxable property in the Improvement District by jurisdiction, in terms of its fiscal year 2024-25 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2024-25
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

Jurisdiction:	Assessed Valuation in SFID No. 4	% of SFID No. 4	Assessed Valuation of Jurisdiction	% of Jurisdiction in SFID No. 4
City of Rancho Cordova	$6,788,192,916	88.16%	$13,427,172,477	50.56%
Unincorporated Sacramento County	911,665,395	11.84	81,914,137,194	1.11%
Total District	$7,699,858,311	100.00%		
Sacramento County	$7,699,858,311	100.00%	$233,232,134,761	3.30%

Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single-Family Homes. The table on the following page shows the distribution of single family homes within the Improvement District among various fiscal year 2024-25 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the Improvement District.

ASSESSED VALUATION PER PARCEL OF SINGLE-FAMILY HOMES
Fiscal Year 2024-25
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

	No. of Parcels	2024-25 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	12,895	$3,982,991,588	$308,879	$300,463

2024-25 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	40	0.310%	0.310%	$1,567,294	0.039%	0.039%
$50,000 - $99,999	984	7.631	7.941	73,686,686	1.850	1.889
$100,000 - $149,999	1,026	7.957	15.898	130,393,235	3.274	5.163
$150,000 - $199,999	1,473	11.423	27.321	257,973,539	6.477	11.640
$200,000 - $249,999	1,504	11.663	38.984	337,507,202	8.474	20.114
$250,000 - $299,999	1,398	10.841	49.826	383,066,972	9.618	29.731
$300,000 - $349,999	1,428	11.074	60.900	463,664,591	11.641	41.372
$350,000 - $399,999	1,470	11.400	72.299	551,794,075	13.854	55.226
$400,000 - $449,999	1,278	9.911	82.210	541,480,218	13.595	68.821
$450,000 - $499,999	976	7.569	89.779	461,431,847	11.585	80.406
$500,000 - $549,999	608	4.715	94.494	318,350,544	7.993	88.399
$550,000 - $599,999	305	2.365	96.859	174,831,660	4.389	92.788
$600,000 - $649,999	178	1.380	98.240	110,729,897	2.780	95.568
$650,000 - $699,999	93	0.721	98.961	62,468,501	1.568	97.137
$700,000 - $749,999	51	0.396	99.356	36,896,482	0.926	98.063
$750,000 - $799,999	38	0.295	99.651	29,214,467	0.733	98.797
$800,000 - $849,999	13	0.101	99.752	10,603,189	0.266	99.063
$850,000 - $899,999	7	0.054	99.806	6,126,785	0.154	99.217
$900,000 - $949,999	7	0.054	99.860	6,480,781	0.163	99.379
$950,000 - $999,999	3	0.023	99.884	2,932,285	0.074	99.453
$1,000,000 and greater	15	0.116	100.000	21,791,338	0.547	100.000
	12,895	100.000%		$3,982,991,588	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Assessed Valuation and Parcels By Land Use. The following table shows the distribution of taxable property within the Improvement District by principal use, as measured by assessed valuation and parcels in fiscal year 2024-25.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2024-25
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

Non-Residential:	**2024-25 Assessed Valuation[1]**	**% of Total**	**No. of Parcels**	**% of Total**
Commercial	$608,798,580	8.35%	240	1.53%
Vacant Commercial	32,188,761	0.44	66	0.42
Professional/Office	1,175,716,985	16.12	212	1.35
Industrial	340,686,043	4.67	175	1.11
Vacant Industrial	38,214,982	0.52	76	0.48
Recreational	18,077,518	0.25	23	0.15
Government/Social/Institutional	15,864,718	0.22	76	0.48
Miscellaneous	7,479,059	0.10	395	2.52
Subtotal Non-Residential	$2,237,026,646	30.68%	1,263	8.05%
Residential:				
Single Family Residence	$3,982,991,588	54.62%	12,895	82.14%
Condominium Unit	104,169,054	1.43	613	3.90
Mobile Home	166,616	0.00	7	0.04
Mobile Home Park	926,883	0.01	2	0.01
Hotel/Motel	138,983,177	1.91	14	0.09
2-4 Residential Units	176,005,847	2.41	601	3.83
5+ Residential Units/Apartments	631,512,642	8.66	103	0.66
Vacant Residential	20,316,351	0.28	200	1.27
Subtotal Residential	$5,055,072,158	69.32%	14,435	91.95%
Total	$7,292,098,804	100.00%	15,698	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Reductions in Assessed Valuation. Economic and other factors beyond the School District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, outbreaks of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or man-made disaster, such as earthquake, drought, fire, flood, or toxic contamination, could cause a reduction in the assessed value of taxable property within the Improvement District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Bonds. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "THE BONDS – Security and Sources of Payment" herein.

Adverse Impacts of Tariffs. The current Presidential administration has sought to alter the international trading landscape through the use of widespread tariffs. If tariffs are implemented, certain impacted countries may respond with reciprocal tariffs on imports of U.S.-made goods. The international escalation of tariffs may cause significant disruptions in local, State and national economies, including immediate material impacts to industries heavily integrated into international trade. No assurances can be made that the escalation of tariffs will not materially adversely impact the local, State or national economies or the assessed valuation of property within the Improvement District, including the assessed valuation of the top taxpayers within the Improvement District, or the ability of taxpayers within the Improvement District to pay property taxes.

Seismic Events. The School District is located in a seismically active region of the State. An earthquake of large magnitude could result in extensive damage to property within the School District and could adversely affect the assessed valuation of property within the Improvement District, or more generally the region's economy.

Droughts; Floods. California has experienced cyclical severe drought conditions over the past several years. Most recently, in April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. These drought emergencies were eventually expanded to include all California counties by October of 2021. Among other actions, the Governor also issued Executive Order N0-27-22, which directed the State Water Control Board to issue drought declarations, including a recommendation to have urban water suppliers initiate water shortage contingency plans. Significant snowfall and precipitation in the State commencing in late 2022 and early 2023 have generally eliminated most of the State's drought conditions. According to the U.S. Drought Monitor, as of April 15, 2025, the County is not experiencing any dry or drought conditions, while 39.81% of the State is currently classified as being in the moderate drought category, including portions of the State in the central and southern regions. In addition, on March 24, 2023, the Governor rescinded most of his emergency drought declarations, including Executive Order N0-27-22. The School District cannot predict if there will be future drought conditions and related water usage restrictions imposed in the future. The School District can also make no representations regarding to the extent to which recent significant snowfall and precipitation, or any future winter storm activity or related rainfall, mudslides or flooding conditions, may impact School District facilities or the assessed value of taxable property within the Improvement District.

Wildfires. Major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020, summer of 2021 and January of 2025. The School District did not sustain any damage as a result of these fires. However, serious and significant property damage has resulted in other areas of the State, including within the County, due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates. In addition, the Governor has issued executive orders in the past suspending penalties, costs and interest on late property tax payments for properties impacted by wildfires.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the Improvement District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. See also "—Droughts; Floods" and "—Wildfires" herein. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the School District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the School District in unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Appeals and Adjustments of Assessed Valuations. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the "SBE"), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought, or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein. Such reductions are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

No assurance can be given that future property tax appeals, or actions by the County Assessor, he future will not significantly reduce the assessed valuation of property within the Improvement District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the Improvement District.

Tax Levies, Collections and Delinquencies

The following tables show secured *ad valorem* property taxes for the payment of bonded indebtedness issued on behalf of the Improvement District, and amounts delinquent as of June 30, for fiscal years 2014-15 through 2023-24.

SECURED TAX CHARGES AND DELINQUENCIES – IMPROVEMENT DISTRICT
Fiscal Years 2014-15 through 2023-24
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

Fiscal Year	Secured Tax Charge	Amount Delinquent as of June 30	Percent Delinquent June 30
2014-15	$6,776,016	$72,683	1.07%
2015-16	4,124,407	26,477	0.64
2016-17	5,715,653	35,261	0.62
2017-18	5,139,720	27,831	0.54
2018-19	5,949,395	40,403	0.68
2019-20	6,179,291	41,645	0.67
2020-21	6,604,467	51,676	0.78
2021-22	6,939,100	40,069	0.58
2022-23	7,089,284	59,609	0.84
2023-24	7,554,482	80,895	1.07

Source: California Municipal Statistics, Inc.

Pursuant to Revenue and Taxation Code Section 4985.2, the Director of Finance may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due.

Alternative Method of Tax Apportionment

In June of 1993, the County Board approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq*. of the State Revenue and Taxation Code. Under the Teeter Plan, typically, each county apportions secured property taxes on an accrual basis (irrespective of actual collections) to local political subdivisions, for which such county acts as the tax-levying or tax-collecting agency.

The Teeter Plan was effective for the fiscal year commencing July 1, 1993, and pursuant to the Teeter Plan, the County purchased all delinquent receivables (comprised of delinquent taxes, penalties, and interest) which had accrued as of June 30, 1993, from local taxing entities and selected special assessment districts and community facilities districts. Under the Teeter Plan, the County distributes tax collections on a cash-basis to taxing entities, such as the School District, during the fiscal year and at year-end distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities and those special assessment districts and community facilities districts which the County determines are eligible to participate in the Teeter Plan.

The *ad valorem* property taxes to be levied to pay the interest on and principal of the Bonds will be subject to the Teeter Plan. The School District will receive 100% of the *ad valorem* property tax levied to pay all of the outstanding general obligation bonds, irrespective of actual delinquencies in the collection of the tax by the County.

The Teeter Plan is to remain in effect unless the County Board orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the County Board receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the County Board is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The County Board may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the School District) for which the County acts as the tax-levying or tax-collecting agency.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the School District's share of property tax collections to the School District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the School District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the School District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See "SCHOOL DISTRICT FINANCIAL INFORMAION – Considerations Regarding COVID-19" herein. However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the County to levy *ad valorem* property taxes within the Improvement District sufficient to pay the related series of Bonds when due.

Tax Rates

The following tables summarize the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in typical tax rate areas (each, a "TRA") within the Improvement District during the period from fiscal year 2019-20 to fiscal year 2024-25.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES
Fiscal Years 2019-20 through 2024-25
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

TRA 8-076 (within the City of Rancho Cordova)[1]

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
General Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0232	.0223	.0249	.0226	.0192	.0200
Folsom Cordova Unified School District SFID No. 1	.0548	.0487	.0399	.0456	.0381	.0402
Folsom Cordova Unified School District SFID No. 4	.1071	.1092	.1100	.1061	.1074	.1044
Total	1.1851%	1.1802%	1.1748%	1.1743%	1.1647%	1.1646%

TRA 52-074 (within unincorporated Sacramento County)[2]

	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
General Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0232	.0223	.0249	.0226	.0192	.0200
Folsom Cordova Unified School District SFID No. 1	.0548	.0487	.0399	.0456	.0381	.0402
Folsom Cordova Unified School District SFID No. 4	.1071	.1092	.1100	.1061	.1074	.1044
Total	1.1851%	1.1802%	1.1748%	1.1743%	1.1647%	1.1646%

(1) TRA 8-076 has a fiscal year 2024-25 assessed valuation of $2,105,777,347, and represents 27.35% of the total assessed valuation of the Improvement District for such fiscal year.
(2) TRA 52-032 has a fiscal year 2024-25 assessed valuation of $558,742,122, and represents 7.26% of the total assessed valuation of the Improvement District for such fiscal year.
Source: California Municipal Statistics, Inc.

Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within the Improvement District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table presents information on the largest property taxpayers within the Improvement District. Each taxpayer listed below is a unique name listed on the tax rolls. The School District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED PROPERTY TAXPAYERS
Fiscal Year 2024-25
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

	Property Owner	Primary Land Use	2024-25 Assessed Valuation	% of Total[1]
1.	Franklin Resources Inc.	Office Building	$82,526,570	1.13%
2.	Ethan Conrad	Office Building	79,665,936	1.09
3.	Karlin Cap Center LLC	Office Building	73,885,704	1.01
4.	Raintree Realty II LLC	Office Building	65,432,826	0.90
5.	Oakmont Properties BDX I LLC	Apartments	62,884,651	0.86
6.	TC Avion I LLC/JSP Avion LLC/CG Avion LLC	Apartments	57,835,845	0.79
7.	Chesapeake Apts Holdings LLC	Apartments	50,337,133	0.69
8.	Sacramento CA III SGF LLC	Office Building	47,489,057	0.65
9.	Cordova LLC	Office Building	47,486,530	0.65
10.	CEGM Rancho Cordova LLC	Office Building	45,200,262	0.62
11.	Bishops Court I & II	Apartments	43,925,245	0.60
12.	Pacific Castle Rancho LLC	Commercial	33,813,000	0.46
13.	VSP Holding Company Inc.	Office Building	30,703,818	0.42
14.	Koreana Development Associates LLC	Commercial	29,962,214	0.41
15.	Rainier DC Assets LLC	Industrial	29,651,400	0.41
16.	RU Sutter Rancho Cordova LLC	Office Building	27,200,000	0.37
17.	Rancho Cordova CA I SGF LLC	Office Building	27,019,491	0.37
18.	Sequoia Equities-Fairways	Apartments	26,999,778	0.37
19.	Lowes HIW Incorporated	Commercial	26,736,324	0.37
20.	Vantage Apartments DP LLC	Apartments	26,530,199	0.36
			$915,285,983	12.55%

(1) The fiscal year 2024-25 local secured assessed valuation of the Improvement District is $7,292,098,804.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following page is direct and overlapping debt report regarding the Improvement District (the "Debt Report") prepared by California Municipal Statistics, Inc., effective as of January 31, 2025. The Debt Report is included for general information purposes only. The School District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report, generally, includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Improvement District in whole or in part. Such long-term obligations generally are not payable from revenues of the School District (except as indicated) nor are they necessarily obligations secured by land within the Improvement District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Reports are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the Improvement District; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in the first column which is represented by property located in the Improvement District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the Improvement District, as determined by multiplying the total outstanding debt of each agency by the percentage of the Improvement District's assessed valuation represented in the second column.

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STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

2024-25 Assessed Valuation: $7,699,858,311

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 2/1/25
Los Rios Community College District	2.754%	$9,577,999
Folsom-Cordova Unified School District School Facilities Improvement District No. 1	76.732	4,217,154
Folsom-Cordova Unified School District School Facilities Improvement District No. 4	**100.000**	**91,771,035**[1]
California Statewide Community Development Authority Assessment District	100.000	2,867,000
Sacramento Area Flood Control Consolidated Capital Assessment District	0.429	1,256,477
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$109,689,665
OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	3.301%	$3,033,855
Sacramento County Pension Obligation Bonds	3.301	10,187,876
Sacramento County Board of Education Certificates of Participation	3.301	54,301
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	8.194	2,444,926
City of Rancho Cordova Certificates of Participation	50.556	5,321,019
Cordova Recreation and Park District General Fund Obligations	36.288	2,045,855
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$23,087,832
Less: Sacramento County supported obligations		315,481
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$22,772,351
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$15,481,950
GROSS COMBINED TOTAL DEBT		$148,259,447[2]
NET COMBINED TOTAL DEBT		$147,943,966

Ratios to 2024-25 Assessed Valuation:
Direct Debt ($91,771,035)...1.19%
Total Direct and Overlapping Tax and Assessment Debt 1.42%
Gross Combined Total Debt 1.93%
Net Combined Total Debt...1.92%

Ratios to Redevelopment Incremental Valuation ($755,499,771):
Total Overlapping Tax Increment Debt 2.05%

(1) Excludes the Bonds described herein.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds shall be payable from the proceeds of an ad valorem *property tax levied in the Improvement District by the County for the payment thereof, as further described herein. (See "THE BONDS – Security and Sources of Payment" herein.) Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and the ability of the School District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value, adjusted for inflation. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "IMPROVEMENT DISTRICT'S TAX BASE" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the State legislature (the "Legislature") to change any state taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 19

On November 3, 2020, voters in California approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The School District cannot make any assurance as to what effect the implementation of Proposition 19 will have on School District revenues or the assessed valuation of real property in the Improvement District.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor, (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the

Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction. The School District cannot make any assurance as to what effect the implementation of Propositions 50 or 171 will have on School District revenues or the assessed valuation of real property in the Improvement District.

Unitary Property

Some amount of property tax revenue of the School District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the School District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the School District is not a community supported district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "SCHOOL DISTRICT FINANCIAL INFORMATION – State Funding of Education" herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The School District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the School District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the School District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the School District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act were, however, modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year are automatically be increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

a. <u>Annual Adjustments to Spending Limit</u>. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. <u>Treatment of Excess Tax Revenues</u>. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: (i) appropriations for "qualified capital outlay projects" as defined by the Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990 are excluded. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also referred to as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Jarvis v. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as State Controller). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the School District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the School District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the School District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 30 and Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2 (2014)

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

The School District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its general fund expenditures and other financing uses.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions community funded districts, and small school districts having fewer than 2,501 units of average daily attendance.

Proposition 2 (2024)

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (also known as Proposition 2 and referred to herein as "Proposition 2 (2024") was a ballot measure that was approved by State voters on November 5, 2024. Proposition 2 (2024) authorizes the sale and issuance of $10 billion in State general obligation bonds for the repair, upgrade and construction of facilities at K-12 public schools, community colleges and career technical education programs, including the development of health and safety conditions.

K-12 School Facilities. Proposition 2 (2024) includes $3.3 billion for the new construction of K-12 facilities and an additional $4 billion for the modernization of existing K-12 facilities. Up to $10 million of the allocation for new constructions will be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the $4 billion assigned for modernization of existing K-12 facilities, up to $115 million will be allocated for the repairment of lead in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of $1.2 billion will be available for the modernization and new construction of charter school facilities ($600 million) and technical education facilities ($600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 2 (2024) includes $1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. The table below shows the expected use of bond funds under Proposition 2 (2024):

PROPOSITION 2 (2024)
Use of Bond Funds
(In Millions)

K-12 Public School Facilities	
New construction	$3,300
Modernization	4,000
Career technical education facilities	600
Charter school facilities	600
Subtotal	$8,500
Community College Facilities	$1,500
Total	$10,000

The School District makes no representation or guarantees that it will pursue or qualify for Proposition 2 (2024) State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, 55 and 98 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting School District revenues or the School District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the School District.

THE IMPROVEMENT DISTRICT

Authorization and Establishment. The Board, at its meeting on June 8, 2006, approved Resolution No. 06-08-06-47 (the "Resolution of Intention") to establish the Improvement District and called a public hearing on the matter. Following the conclusion of a public hearing conducted by the School District on June 22, 2006, the Board adopted Resolution No. 06-22-06-55 (the "Resolution of Formation") to establish the Improvement District pursuant to the Resolution of Intention and Chapter 2 of Part 10 of Division 1 of Title 1 of the California Education Code, commencing with Section 15300 *et seq*. (the "SFID Act"). On June 6, 2024, the Board adopted Resolution No. 06-06-24-40 pursuant to the SFID Act, which amended the Resolution of Formation to increase the estimated cost of school facilities and equipment within the Improvement District to be financed by general obligation bonds.

Location and Territory. The Improvement District is located in the southwestern portion of the School District, and consists of territory west of Sunrise Boulevard. The area of the Improvement District includes areas of the School District that are also part of Improvement District No. 1 (as defined below). See "TAX BASE FOR REPAYMENT OF BONDS – Direct and Overlapping Debt." The area of the Improvement District is about 18.3 square miles, representing about 19.1% of the territory of the School District, and includes a portion of the City of Rancho Cordova and unincorporated areas of the County. The Improvement District has an estimated population of approximately 52,742 persons, accounting for approximately 42% of the total population of the School District.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

Introduction

The School District encompasses a territory of about 96 square miles in the greater Sacramento metropolitan region about 20 miles northeast of the City of Sacramento. The School District includes nearly all of the City of Folsom, a large portion of the City of Rancho Cordova, and adjacent unincorporated areas in the County.

The School District was established in 1949 and is a unified school district serving students in grades TK-12. The School District operates 37 schools, including 22 elementary schools, four middle schools, three comprehensive high schools, seven alternative schools and one dependent charter elementary school. The School District also operates 30 preschool programs at 16 sites, transitional kindergarten programs at 17 sites, a Montessori program at one site, expanded learning opportunity programs at nine sites,14 child care centers and an adult education program. The School District has a projected fiscal year 2024-25 enrollment of 21,780 students and an ADA of 20,584 students.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the School District. Additional information concerning the School District and copies of the most recent and subsequent audited financial reports of the School District may be obtained by contacting the Assistant Superintendent, Business Services, Folsom Cordova Unified School District, 1965 Birkmont Drive, Rancho Cordova, California, 95742, (916) 294-9004. The School District may impose a charge for copying, mailing and handling.

Administration

The School District is governed by a five-member Board, each of whom is elected to four-year terms by voters within five trustee areas. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

Board Member	Office	Term Expires
Chris Clark	President	December 2028
Kara Lofthouse	Vice President	December 2026
Jennifer Laret	Clerk	December 2026
YK Chalamcherla	Member	December 2028
David Reid	Member	December 2026

The management and policies of the School District are administered by a Superintendent appointed by the Board, who is responsible for the day-to-day School District operations as well as the supervision of the School District's other personnel. Mr. Erik Swanson is the Superintendent of the School District. Sean Martin is the Assistant Superintendent, Business Services of the School District. The Superintendent's and Assistant Superintendent, Business Services' biographies are listed on the following page.

Erik Swanson, Superintendent. Mr. Swanson was appointed as Superintendent of the School District on May 2, 2024. Previously, Mr. Swanson served as a Senior Advisor for the Teaching, Learning, and Leading Center at the California Collaborative for Educational Excellence (CCEE), where his work focused on lending direct technical assistance to school districts across the State. Before joining CCEE, Mr. Swanson served as the Assistant Superintendent of Education Services of the Stockton Unified School District. In addition, Mr. Swanson has served in the roles of Superintendent for St. Hope Public Schools, Principal for Monterey Trail High School in the Elk Grove Unified School District, and Principal for middle schools in the Sacramento City Unified School District and Twin Rivers Unified School District. Other accomplishments include completing certification in the National Superintendents Academy in 2018 and as a Tier 1 and Tier 2 Administrative Credentialing Coach for the Sacramento County Office of Education. Mr. Swanson earned his Bachelor of Science degree in Psychology from the University of California, Davis, his Master of Arts in Educational Counseling from the University of San Francisco, and has completed all coursework for the Leadership for Educational Equity Program from the University of California, Berkeley.

Sean Martin, Assistant Superintendent, Business Services. Mr. Martin was appointed as Assistant Superintendent, Business Services of the School District on May 20, 2021. Previously, Mr. Martin led the respective business departments of the Rescue Union School District and the Pollock Pines Elementary School District. Prior to his work in education, Mr. Martin worked for over a decade in the private sector, rising to the level of vice president of a local credit union. Mr. Martin is an active leader in the education community and currently serves as an executive board member for both the Association of California School Administrators (ACSA), Region 2, and with Schools Insurance Authority. Mr. Martin earned designation as a certified Chief Business Official from the California Association of School Business Officials and is a graduate of California State University, Sacramento, with a Bachelor of Science in Business Administration with an emphasis in Accounting.

Matt Washburn, Chief Operating Officer. Mr. Washburn joined the School District in 1997, and has 27 total years of experience at the School District. Prior to transitioning to the Chief Operating Officer, Mr. Washburn served as the School District's Director of Facilities. His other prior experience also includes serving as the Facilities Planning Manager for the Grant Joint Union High School District and the Facilities Planning Technician for the Stockton Unified School District. Mr. Washburn received his Bachelor's degree in geography, with an option in rural and regional planning and development, and minor in business administration, from the California State University, Chico.

Enrollment

The following table shows a 9-year enrollment history for the School District, together with a projection for fiscal year 2024-25.

ANNUAL ENROLLMENT
Fiscal Years 2015-16 through 2024-25
Folsom Cordova Unified School District[(1)]

Year	Enrollment[(2)]	Annual Change	Annual % Change
2015-16	19,833	306	--
2016-17	20,308	475	2.39
2017-18	20,347	39	0.19
2018-19	20,560	213	1.05
2019-20	20,556	(4)	(0.02)
2020-21	20,089	(467)	(2.27)
2021-22	20,335	246	1.22
2022-23	20,553	218	1.07
2023-24	20,977	424	2.06
2024-25[(3)]	21,780	803	3.82

(1) For fiscal years 2015-16 through 2018-19, includes enrollment of the dependent K-8 charter school operating within the boundaries of the School District, the Folsom Cordova Community Charter School.
(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year. CALPADS figures generally exclude preschool and adult transitional students.
(3) Projected.
Source: Folsom Cordova Unified School District. Annual percentage change numbers provided by the Municipal Advisor.

Labor Relations

As of January 31, 2025, the School District employed 1,417 full-time equivalent ("FTE") certificated and administrative employees, and 1373 FTE classified employees. School District employees, except management employees and some part-time employees, are represented by two bargaining units as noted below.

LABOR BARGAINING UNITS
Folsom Cordova Unified School District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
Folsom Cordova Educational Association	1,307	June 30, 2025
California School Employees Association	1,538	June 30, 2025

Source: Folsom Cordova Unified School District.

School District Retirement Systems

The information set forth below regarding the School District's retirement programs, other than the information provided by the School District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by any of the School District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. Previously, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program increased significantly prior to the implementation of AB 1469 (defined below). In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members ("PEPRA Members") hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees ("Classic Members") hired before the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2023, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2024, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate was 19.1% in fiscal year 2022-23, 19.1% in fiscal year 2023-24 and is 19.1% in fiscal year 2024-25.

The School District's contributions to STRS were $16,105,551 in fiscal year 2020-21, $19,301,747 in fiscal year 2021-22, $23,132,691 in fiscal year 2022-23 and $25,098,751 in fiscal year 2023-24. The School District has budgeted $27,509,229 for its contribution to STRS for fiscal year 2024-25.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2023-24 and 8.328% in fiscal year 2024-25. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2023 included 1,595 public agencies and 1,332 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. The employer contribution rate was 25.37% in fiscal year 2022-23, 26.68% in fiscal year 2023-24, 27.05% in fiscal year 2024-25, and will be 26.81% in fiscal year 2025-26. Classic Members contribute at a rate established by statute, which is 7% in fiscal year 2023-24, 7% in fiscal year 2024-25 and 7% in fiscal year 2025-26, while PEPRA Members contribute at an actuarially determined rate, which was 8% in both fiscal years 2023-24 and 2024-25. For the Schools Pool Actuarial Valuation as of June 30, 2024 (the "2024 PERS Actuarial Valuation"), the total normal cost did not change by more than 1% relative to the basis currently in effect, therefore the PEPRA Member contribution rate will remain 8% in fiscal year 2025-26. See "—California Public Employees' Pension Reform Act of 2013" herein.

The School District's contributions to PERS were $7,470,441 in fiscal year 2020-21, $9,948,355 in fiscal year 2021-22, $12,790,041 in fiscal year 2022-23 and $15,665,117 in fiscal year 2023-24. The School District has budgeted $20,380,008 for its contribution to PERS for fiscal year 2024-25.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

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FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) [(1)]
Fiscal Years 2012-13 through 2023-24

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[(2)]	Unfunded Liability (MVA)[(2)]	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2012-13	$222,281	$157,176	$74,374	$148,614	$73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552
2022-23	359,741	299,148	85,571	273,155	86,586

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2012-13	$61,487	$49,482	$12,005	$56,250	$5,237
2013-14	65,600	56,838	8,761	--[(4)]	--[(4)]
2014-15	73,325	56,814	16,511	--[(4)]	--[(4)]
2015-16	77,544	55,785	21,759	--[(4)]	--[(4)]
2016-17	84,416	60,865	23,551	--[(4)]	--[(4)]
2017-18	92,071	64,846	27,225	--[(4)]	--[(4)]
2018-19[(5)]	99,528	68,177	31,351	--[(4)]	--[(4)]
2019-20[(6)]	104,062	71,400	32,662	--[(4)]	--[(4)]
2020-21	110,507	86,519	23,988	--[(4)]	--[(4)]
2021-22	116,982	79,386	37,596	--[(4)]	--[(4)]
2022-23	124,924	84,292	40,632	--[(4)]	--[(4)]
2023-24[(7)]	133,978	93,187	40,791	--[(4)]	--[(4)]

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) For the fiscal year 2020-21 actuarially determined contribution, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

(6) For the fiscal year 2021-22 actuarially required contribution, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

(7) On April 14, 2025, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2025-26 and released certain actuarial information to be incorporated into the 2024 PERS Actuarial Valuation to be released in the latter half of 2025.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the "2024 Experience Analysis"), on January 10, 2024, the STRS Board adopted a new set of actuarial assumptions that will be first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023. The payroll growth assumption was decreased to 3.25% from 3.50% due to the projected need for fewer teachers due to projected declining enrollment in the State over the next 20 years, while the following actuarial assumptions remained unchanged since the CalSTRS Experience Analysis (spanning July 1, 2015 through July 1, 2018) (the "2020 Experience Analysis"): long-term investment return (7.0%), (ii) price inflation (2.75%), and (iii) wage growth (3.50%). Certain demographic assumptions were also updated, including changing the assumed life expectancy of STRS retirees to more closely reflect recent trends. The 2023 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023 (the "2023 STRS Actuarial Valuation") reports that, based on an actuarial value of assets, the unfunded actuarial obligation decreased by approximately $1.966 billion since the 2022 STRS Actuarial Valuation and the funded ratio increased by 1.50% to 75.9% over such time period. The main reason for the increase in the funded ratio were the expected year-to-year change due to contributions received to pay down the unfunded actuarial accrued liability and the new actuarial assumptions (primarily the mortality assumption change) that were adopted for use in the 2023 STRS Actuarial Valuation. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was a small decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from $359 million as of June 30, 2022 to $356 million as of June 30, 2023.

According to the 2023 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2044 of 100.7%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On November 7, 2024, STRS released its 2024 Review of Funding Levels and Risks (the "STRS 2024 Review of Funding Levels and Risks"), which is based on the 2023 STRS Actuarial Valuation. The STRS 2024 Review of Funding Levels and Risks notes that funding projections have improved slightly since the completion of the June 30, 2023 actuarial valuation that was presented to the Board in

May 2024 in part due to the 8.4% investment return earned by STRS in fiscal year 2023-24 and an increase of 9,000 active members, which contributed to an 8% increase in the payroll of active members.

The key results and findings noted in the STRS 2024 Review of Funding Levels and Risks were that (i) current contribution rates for the State and employers are still projected to be sufficient to allow both the State and the employers to eliminate their share of the STRS unfunded actuarial obligation by 2046; contribution rate increases are not expected to be needed for fiscal year 2025-26, (ii) The State remains well ahead of schedule to eliminate its share of the STRS unfunded actuarial obligation (currently projected to be eliminated in 2027), (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the Defined Benefit Program continues to mature, which will increase the system's sensitivity to investment experience, (iv) the risk that a negative investment return might impact STRS ability to reach full funding is expected to increase once the State fully eliminates its share of STRS unfunded actuarial obligation because of a trigger that will require the State contribution rate to immediately drop to 2.017% potentially limiting STRS ability to react to changing conditions, because once this occurs, the STRS Board would only be able to raise the State contribution rate by 0.5% each year, taking 12 years to simply return to the State contribution rate in place in the prior fiscal year potentially resulting in a situation where the State can no longer eliminate its share of the unfunded liability by 2046, and (v) the ability of the funding plan to allow STRS to reach full funding is dependent on STRS meeting its current actuarial assumptions over the long term; uncertain investment markets and a potential decline in the number of teachers could put pressure on STRS ability to meet some of its long-term assumptions and impact its ability to reach full funding.

The STRS 2024 Review of Funding Levels and Risks notes highlighted risks associated with longevity, the size of active membership and investments. The STRS 2024 review of Funding Levels and Risks notes that, overall, STRS experienced greater mortality than projected under previous assumptions, but it remains uncertain whether the pandemic will continue to impact mortality in the long term. In January 2024 the STRS Board adopted new mortality assumptions that were slightly lower than the data indicated, essentially not fully reflecting the impact of the pandemic. In January of 2024, the STRS Board also adopted a change to the rate at which the payroll is assumed to increase, from 3.5% to 3.25%, which reflects STRS assumption that the population of active teachers will decline slowly over time (approximately 5% through 2046). The STRS 2024 Review of Funding Levels and Risks notes that if the active membership declines and the payroll fails to grow as assumed, STRS ability to make progress toward full funding could be at risk. Retirements from active teachers are expected to increase significantly over the next 10 years. Although an increase in retirements does not necessarily impact long term funding, if school districts do not replace teachers who retire in the future, that could result in a reduction in the overall number of teachers and impact STRS ability to reach full funding by 2046. With the anticipated decline in the number of children enrolled in K-12 public schools, the risk that the number of teachers may go down in the future is real and was one of the considerations when the STRS Board lowered the payroll growth assumption. California experienced a significant decline in enrollment in both K-12 public schools and community colleges starting in 2020-21. Total enrollment in K-12 public schools dropped by approximately 310,000, or a 5% reduction, between 2019-20 and 2022-23, while the number of students enrolled at community colleges dropped by 310,000, or a 20% reduction, before increasing by approximately 30,000 in the fall of 2022. In October 2023, the State updated its projection of K-12 enrollments, with the most recent projection anticipating a decline of approximately 11% over the next 10 years and 15% over the next 20 years. If the anticipated reduction in enrolment results in a need for fewer teachers n California, it would impact the number of active teachers who participate in the STRS Defined Benefit Program and ultimately the growth in payroll. One countervailing force that could potentially offset some of the factors listed above would be the reduction of class sizes. The STRS 2024 Review of Funding Levels and Risks notes that investment volatility and the risk that STRS may not be able to meet its assumed investment return over the long-term remains the greatest risk facing STRS today. The combination of a maturing system and the decreasing timeframe of the funding plan only serves to increase this risk. STRS 2024 Review of Funding Levels and Risks notes that (i) when investment returns are below expectations, the unfunded actuarial obligation increases, requiring additional contributions to bridge the gap, however, the funding plan provides the board limited authority to increase contribution rates for both the State and employers; (ii) the State bears the greatest risk when it comes to investment volatility due to rules set in the funding plan that allocate the largest share of the assets to the state which results in its share of the unfunded actuarial obligation being the most sensitive to investment volatility; (iii) the STRS Board has authority to increase the State's contribution by a maximum of 0.5% of payroll each year with no limit on the maximum rate; however the State contribution rate will be reduced to 2.017% of payroll once the State has eliminated its share of the unfunded liability, and (iv) since the funding plan expires in 2046, after which the STRS Board's authority to adjust contribution rates terminates, the time period over which to fund an existing and new unfunded actuarial obligation is declining each year.

On July 30, 2024, STRS reported a net return on investments of 8.4% for fiscal year 2023-24, ending with the total fund value of $341.4 billion as of June 30, 2024. The 2023-24 return keeps STRS on track long term, as the 5-,10-, 20-, and 30-year returns, all surpass the actuarial assumption of 7.0%, during a period of inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2023-24 investment return, STRS noted that it is ahead of schedule in reaching full funding by 2046.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points (revised to two percentage points in 2017). On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%. On April 15, 2024, the PERS Board removed the automatic mechanism to reduce the discount rate and added a provision to the Funding Risk Mitigation Policy to bring an agenda item to the PERS Board for discussion if a funding risk mitigation event occurs.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the "2021 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions were incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and first impacted contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation took effect July 1, 2022 and impacted contribution rates for employers and PEPRA employees beginning in fiscal year 2022-23.

In November 2024, PERS released its 2024 Annual Review of Funding Levels and Risk (the "2024 PERS Funding Levels and Risk Report"), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The 2024 PERS Funding Levels and Risk Report notes that over the next several years there is the potential for various factors to either further increase required contributions or add additional financial strain on employers and their ability to make required contributions, including inflation and near-term economic turmoil. The 2024 PERS Funding Levels and Risk Report notes that over the last few years, price inflation has been significantly higher than the PERS long-term assumption of 2.3%, which can affect liability measures and investment returns in several ways and which can be difficult to quantify. The most direct impact of high inflation is that retirees can receive higher than expected cost-of-living adjustments and active employees can receive higher than expected salary increases, which could increase actuarial losses in the future. The 2024 PERS Funding Levels and Risk report concludes that, as of June 30, 2023, the PERS Retirement System had experienced a couple of years of investment returns below the expected return of 6.8%, and actuarial losses primarily due to high inflation which resulted in unexpected cost of living adjustments for retires and higher than expected member pay increases, which resulted in increased employer contributions along with further increases forecasted for the near future. Despite the strong investment return for the fiscal year ending June 30, 2024, the 2024 PERS Funding Levels and Risk Report notes that employer contributions are currently at relatively high levels due to large amounts of unfunded accrued liability and uncertainty within the economy suggests possible economic turmoil in the near future. The 2024 PERS Funding Levels and Risk Report concludes that the ability of employers to continue making required contributions to the system is the area of greatest concern.

On April 14, 2025, the PERS Board established the employer contribution rates for fiscal year 2025-26 and released information from the 2024 PERS Actuarial Valuation, ahead of its release date in the latter half of 2025. From June 30, 2023 to June 30, 2024, the funded status of the Schools Pool increased by 2.1% (from 67.5% to 69.6%) and the unfunded accrued liability increased by approximately $0.2 billion. The chief driers of improvement were incoming contributions and investment return greater than expected, which were partially offset by greater-than-expected salary increases. Based on the June 30, 2024 assets as described in PERS Annual Comprehensive Financial Report, the money weighted investment return for fiscal year 2023-24 was 9.5%, generating an actuarial investment gain of $2.2 billion, which will be amortized over 20 years with a five-year ramp, decreasing the employer contribution rate in fiscal year 2025-26 by 0.23% of pay. Due to the 5-year ramp, this impact will escalate each year until it reaches an estimated reduction of 1.05% of pay in fiscal year 2029-30. Non-investment experience during fiscal year 2023-24, which includes both demographic experience and economic experience other than from investments, produced an actuarial loss of $2.8 billion, which will be amortized over 20 years, increasing the employer contribution rate by 1.12% in fiscal year 2025-26. Combined with a 0.21% decrease om the employer normal cost rate, the net effect of non-investment experience is an increase of 0.91% in the employer rate. The most significant source of non-investment experience was salary increase for active members, which generated an actuarial experience loss. The average salary increase was 9.7% for members actively employed during the entire year ending June 30, 2024. Total payroll in fiscal year 2023-24 increased by 12.6% over the prior year, compared with 2.8% expected. This change, driven by a combination of active headcount growth and salary increases, served to reduce the employer contribution rate for fiscal year 2025-26 by 1.58% of pay as the dollar amount of the unfunded liability contribution is divided by a larger payroll number.

Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2026-27 is 26.9%, 27.8% in fiscal year 2027-28, 27.4% in fiscal year 2028-29, 27.0% in fiscal year 2029-30, and 26.2% in fiscal year 2030-31. The actual investment return for fiscal year 2024-25 was not known at the time these projections were made. The projections above assume the investment return for that year will be 6.8%. If the actual investment return differs from 6.80%, the actual contribution requirements for the projected years will differ from those shown above.

The School District can make no representations regarding the future program liabilities of STRS, or whether the School District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The School District can also provide no assurances that the School District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For PEPRA Members, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the School District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2024, the School District's proportionate shares of the STRS and PERS pension liabilities were $145,246,000 and $106,080,000, respectively. See also "APPENDIX B – THE 2023-24 AUDITED FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT – Note 7" and "—Note 8" attached hereto.

Pension Stabilization Trust. The School District has established an irrevocable trust (the "Pension Stabilization Trust") with Public Agency Retirement Services ("PARS") to begin funding its accrued pension liability with respect to the STRS and PERS programs. The Pension Stabilization Trust is an IRS approved Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the School District to prefund pension costs and liabilities. The Pension Stabilization Trust currently has a balance of $6,477,444.

Post-Employment Medical Benefits

Program Benefits. The School District provides post-employment medical benefits (the "Benefits") to School District employees meeting certain eligibility requirements. The School District pays the cost of medical insurance coverage for such retirees up to a monthly maximum amount. This amount is established in the year during which an eligible employee chooses to retire. The Benefits continue until age 65 for classified and certificated employees. Managerial employees may continue to receive monthly Benefits of $175 after age 65. As of June 30, 2024, there were 95 retirees receiving benefits and 2,239 active employees in the plan.

Funding Policy. The School District currently funds the Benefits on a pay-as-you-go basis for the costs of current insurance premiums, together with additional amounts, as and when available, to continue funding the accrued liability (described herein) for the Benefits. The School District's contributions towards the Benefits were $11,790,781 in fiscal year 2020-21, $13,249,021 in fiscal year 2021-22, $15,461,151 in fiscal year 2022-23 and $16,099,973 in fiscal year 2023-24. The School District has budgeted expenditures of $16,980,877 towards the Benefits in fiscal year 2024-25.

The School District has also established a GASB-qualifying irrevocable trust fund (the "OPEB Trust") with PARS to begin funding its actuarial accrued liability for the Benefits. The OPEB Trust currently has a balance of $10,150,055.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, "GASB 74" and "GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a

10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables. See also "APPENDIX B – THE 2023-24 AUDITED FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT – Note 9" attached hereto.

Actuarial Study. The School District's most recent actuarial study calculated the School District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2024 valuation date, the School District's Total OPEB Liability was $18,940,305, its Fiduciary Net Position was $8,314,940 and its Net OPEB Liability was $10,625,365.

Joint Powers Agreements

The School District is exposed to various risks of loss related to property, general liability, workers' compensation, cyber intrusions and employee benefits. These risks are addressed through a combination of commercial insurance and participation in certain public entity risk pools.

The School District participates in a joint powers agreement with the Schools Insurance Authority ("SIA"), which arranges for and provides property and liability insurance to its member school districts. The School District pays a premium commensurate with the levels of coverage requested. SIA is governed by a board consisting of members elected from the participating districts, which control its operations independent of any influence by the School District beyond the School District's representation on the governing board. SIA is independently accountable for its fiscal matters, and it not a component of the School District for financial reporting purposes.

Settled claims have not exceeded available insurance coverages in the past three fiscal years. Based upon prior claims experience, the School District believes that it has adequate insurance coverage. For further information, see "APPENDIX B – THE 2023-24 AUDITED FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT – Note 10" attached hereto.

Cybersecurity

The School District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage. The School District carries cybersecurity insurance.

In the past five years, the School District experienced a cyber intrusion that involved the hacking of some employee-related accounts of the School District. Additionally, the School District was one of thousands of U.S. and foreign school districts that experienced a large-scale data breach involving the unauthorized exportation of personally identifiable information, data from the 2024-25 school year, and historical records of the District. The School District cannot make any representation as to what liability, if any, it will face as a result of this large-scale data breach. As a result of the aforementioned cybersecurity incidents, the School District has established new safeguards and cybersecurity measures to protect against similar future cyber threats.

The School District can provide no assurances as to whether the School District's cybersecurity measures will be successful in guarding against future cyber threats. The School District cannot predict the outcome or effect of any cybersecurity incidents, or whether such incidents will have a material impact on the School District's financial condition.

SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this section concerning the School District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the School District. The Bonds shall be payable from the proceeds of an ad valorem property tax *required to be levied by the County on property in each respective Improvement District in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

State Funding of Education

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Revenue Limit Funding. Previously, school districts operated under general purpose revenue limits established by the State Department of Education. In general, revenue limits were calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. Revenue limit calculations were subject to adjustment in accordance with a number of factors designed to provide cost of living adjustments ("COLAs") and to equalize revenues among school districts of the same type. Funding of a school district's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Since fiscal year 2013-14, school districts have been funded based on uniform funding grants assigned to certain grade spans. See "— Local Control Funding Formula" herein.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), as amended by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91"), established the current system for funding school districts, charter schools and county offices of education.

The primary component of AB 97 was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. During the implementation period of the LCFF, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span, as of the first year of the LCFF's implementation, were as follows: (i) $6,845 for grade K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for COLAs by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels. See "– State Budget" herein for information on the adjusted Base Grants provided by current State budgetary legislation.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Unless otherwise collectively bargained for, school districts serving students in grades K-3 must maintain an average class enrollment of 24 or fewer students in grades K-3 at each school site in order to continue receiving the adjustment to the K-3 Base Grant. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period.

The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include Transitional Kindergarten (TK) to all four-year olds. This plan is expected to phase in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. As a result, school districts that serve TK students will be eligible to receive an add-on equal to $2,813, multiplied by such district's second principal reporting period ADA for TK students for the current fiscal year. Beginning in fiscal year 2023-24, this add-on is subject to COLA adjustments to the same degree as LCFF Base Grants. For fiscal year 2024-25, the School District has a projected ADA of approximately 443 TK students. AB 97 also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 65% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold.

The table on the following page shows a breakdown of the School District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2015-16 through 2023-24, and projected amounts for fiscal year 2024-25. However, the School District's actual ADA or enrollment may be affected by the COVID-19 pandemic. See "—Considerations Regarding COVID-19" herein.

ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2015-16 through 2024-25
Folsom Cordova Unified School District

	Average Daily Attendance[1]					Enrollment[2]	
Fiscal Year	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment[3]	% of EL/LI Enrollment[3]
2015-16	5,750	4,476	2,941	5,735	18,903	19,833	36.9
2016-17	5,774	4,564	3,001	5,959	19,298	20,308	35.7
2017-18	5,825	4,513	2,962	6,059	19,359	20,347	37.8
2018-19	5,891	4,437	2,956	6,373	19,657	20,560	38.0
2019-20	5,866	4,383	3.024	6,351	19,625	20,556	38.5
2020-21	5,866	4,383	3.024	6,351	19,625	20,089	37.3
2021-22	5,495	4,323	2,743	6,282	18,843	20,335	35.6
2022-23	5,538	4,407	2,837	6,358	19,140	20,553	36.2
2023-24	5,846	4,478	3,024	6,549	19,897	20,977	37.1
2024-25[4]	6,049	4,696	3,108	6,731	20,584	21,780	38.8

(1) Except for fiscal year 2024-25, reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school for a particular school district. For the 2019-20 school year, due to the outbreak of COVID-19, P-2 ADA only reflects full school months from July 1, 2019 through February 29, 2020. See also "—Considerations Regarding COVID-19" herein.

(2) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to CALPADS in each school year and used to calculate each school district's unduplicated EL/LI student enrollment. Adjustments may be made to the certified EL/LI counts by the California Department of Education. CALPADS figures generally exclude preschool and adult transitional students.

(3) Since fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students has been based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years. Includes the enrollment of the dependent charter school operating within the boundaries of the School District.

(4) Projected.

Source: Folsom Cordova Unified School District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of COLAs in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on was paid incrementally over the implementing period of the LCFF.

Prior to fiscal year 2022-23, the sum of a school district's adjusted Base, Supplemental and Concentration Grants was multiplied by such district's P-2 ADA for the current or prior year, whichever is greater. The 2022-23 State budget amended the LCFF calculation to allow the sum of a school district's adjusted Base, Supplemental and Concentration Grants to be multiplied by such district's P-2 ADA for the current year, prior year or average of three prior years, whichever is greater. The funding amount generated by this calculation, together with any applicable ERT, or categorical block or TK grant add-ons, will yield a district's total LCFF allocation (with certain adjustments applicable to necessary small schools). Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Certain schools districts, known as "community supported" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Community supported school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for community supported districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The School District does not currently qualify as a community supported district.

Recent deportation efforts initiated by the current Presidential administration may pose a potential risk to school districts relying on revenue from the LCFF. LCFF districts rely heavily on student attendance and enrollment numbers, and for certain districts, Supplemental and Concentration Grant add-ons for serving a high percentage of EL and LI students, to secure funding. If undocumented students or students who have undocumented parents or caretakers cease attending school or face deportation, districts may experience a decrease in funding. The School District cannot predict the potential changes to enrollment or attendance in response to the deportation efforts initiated by the current Presidential administration.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs covering a three year period are required to be updated annually. The State Board of Education has developed and adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, established a new system of support and intervention to assist school districts in meeting the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP or annual update thereto, and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its applicable county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district with identifying and implementing programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts with achieving the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent of Public Instruction (the "State Superintendent") is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized to (i) modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the School District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF. Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Funding Sources

Federal Government and Other Local Revenues. The federal government provides funding for several school district programs, including specialized programs such as No Child Left Behind, special education programs, and programs under the Educational Consolidation and Improvement Act. However, no representation can be made that the School District will continue to receive or be eligible for federal funding of education programs, including as a result of current efforts and proposals to reduce the size of the federal workforce, eliminate government programs, and/or eliminate or merge governmental agencies. In addition, portions of a school district's budget can come from local sources other than property taxes, including but not limited to interest income, leases and rentals, interagency services, developer fees, foundations, donations and sales of property.

The California lottery is another source of funding for school districts, providing approximately 1% to 3% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery mandates the funds be used for instructional purposes, and prohibits their use for capital purposes.

Developer Fees. The School District maintains a fund, separate and apart from its general fund, to account for developer fees assessed by the School District on residential and commercial development. Developer fee revenue may only be used to construct or modernize school facilities to accommodate growths in enrollment. The following table lists the historical developer fees received by the School District from fiscal years 2015-16 through 2023-24, and a projected amount for fiscal year 2024-25.

DEVELOPER FEES
Fiscal Years 2015-16 through 2024-25
Folsom Cordova Unified School District

Fiscal Year	Developer Fees Collections
2015-16	$5,698,819
2016-17	7,159,082
2017-18	11,429,448
2018-19	12,570,246
2019-20	9,732,414
2020-21	17,397,721
2021-22	18,564,383
2022-23	17,576,426
2023-24	23,487,634
2024-25(1)	14,109,000

(1) Projected.
Source: Folsom Cordova Unified School District.

Pass-Through Revenues. The School District receives pass-through tax increment revenue from the County in connection with certain redevelopment projects within the County (the "Pass-Through Revenues"). Of the total Pass-Through Revenues received by the School District, 43.3% is deposited into the School District's general fund and offsets State apportionment received by the School District, and 56.7% is deposited into the Capital Facilities Fund and does not offset State apportionment. The amount of Pass-Through Revenues received by the School District from fiscal years 2015-16 through 2023-24, and a projected amount for fiscal year 2024-25, are shown in the following table.

PASS-THROUGH REVENUES
Fiscal Years 2015-16 through 2024-25
Folsom Cordova Unified School District

Fiscal Year	Pass-Through Revenues
2015-16	304,058
2016-17	414,732
2017-18	461,059
2018-19	547,418
2019-20	2,166,305
2020-21	652,338
2021-22	599,728
2022-23	717,070
2023-24	728,498
2024-25(1)	703,280

(1) Projected.
Source: Folsom Cordova Unified School District.

Considerations Regarding COVID-19

General. An outbreak of disease or similar public health threat, such as the ongoing coronavirus ("COVID-19") pandemic, or fear of such an event, could have an adverse impact on the School District's financial condition and operating results.

The spread of COVID-19 had significant negative impacts throughout the world, including in the School District. The World Health Organization declared the COVID-19 outbreak to be a pandemic in 2020, and states of emergency were previously declared by the WHO, the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus. All such states of emergency have since been lifted.

To date there have been millions of confirmed cases in the United States, and over one million deaths related to COVID-19. Although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will continue to grow. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures were lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

Impact on the School District. As a result of the outbreak of COVID-19, the School District transitioned to distance learning for portions of the 2019-20 and 2020-21 school years. The School District concluded the 2020-21 school year with in-person instruction, and has returned to in-person instruction for all following fiscal years.

As of June 30th, 2024, the School District has received approximately $67.7 million of COVID-19-related relief funding, including (i) approximately $42.2 million from the Elementary and Secondary School Emergency Relief Fund (ESSER) and the Governor's Emergency Education Relief Fund (GEER) as a result of the CARES Act, the CRRSA and the American Rescue Plan, (ii) $343,075 of SB 117 funding, (iii) $10,662,927 of additional CARES Act funding, (iv) $7,040,324 of in-person instruction grants, and (v) $7,444,184 of expanded learning opportunity grants.

Other potential impacts to the School District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction if schools are required to close in the future, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and real estate development. The economic consequences and the volatility in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, have had a material impact on the investments in the State pension trusts. Such investments could continue to be impacted by the lingering effects of the COVID-19 pandemic, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool and, in turn, result in material changes to the School District's required contribution rates in future fiscal years. See "FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT – School District Retirement Systems" herein.

Although the public health emergencies previously declared by state, federal and international entities have ended, the COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, the effectiveness of available vaccines in containing the spread or mutation of the virus, and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the County (https://www.saccounty.gov/COVID-19/Pages/default.aspx) and the California Department of Public Health (https://covid19.ca.gov/). The School District has not incorporated by reference the information on such websites, and the School District does not assume any responsibility for the accuracy of the information on such websites.

The ultimate impact of COVID-19 on the School District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the School District, or adversely impact enrollment or FTES within the School District and, notwithstanding available state or federal assistance, materially adversely impact the financial condition or operations of the School District. See also "TAX BASE FOR REPAYMENT OF BONDS –Assessed Valuations" herein

Accounting Practices

The accounting policies of the School District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the State Education Code, is to be followed by all State school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

The School District's general fund finances the legally authorized activities of the School District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The School District's audited financial statements for the year ended June 30, 2024 are included for reference in APPENDIX B hereto. Audited financial statements for the School District for the fiscal year ended June 30, 2024, and prior fiscal years are on file with the School District and available for public inspection at the office of the Assistant Superintendent, Business Services of the School District, 1965 Birkmont Drive, Rancho Cordova, California, 95742, (916) 294-9004.

The table on the following page reflects the School District's general fund revenues, expenditures and fund balances for fiscal years 2019-20 through 2023-24.

AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal years 2019-20 through 2023-24
Folsom Cordova Unified School District

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24
Revenues					
Revenue Limit/LCFF Sources					
State Apportionments	$120,570,799	$114,913,560	$119,593,549	$137,634,223	$156,005,844
Local Sources	64,632,821	69,818,490	73,888,660	80,976,710	86,590,347
Total Revenue Limit/LCFF Sources	185,203,620	184,732,050	193,482,209	218,610,933	242,596,191
Federal Sources	8,308,911	23,710,815	35,488,511	20,664,754	11,955,117
Other State Sources	35,185,447	40,349,823	50,051,506	79,898,280	58,946,114
Other Local Sources	6,175,879	2,162,615	5,079,775	10,214,417	16,364,748
Total Revenues	234,873,857	250,955,303	284,102,001	329,388,384	329,862,170
Expenditures					
Certificated Salaries	99,069,503	101,814,562	115,290,463	126,264,687	137,471,660
Classified Salaries	35,676,983	35,918,104	44,716,539	51,686,895	58,567,335
Employee Benefits	55,140,380	51,588,471	60,832,668	70,534,315	75,348,077
Books and Supplies	8,417,549	13,896,439	14,539,439	10,143,213	10,894,196
Contract Services and Operating Expenses	14,317,502	24,801,130	30,585,650	30,982,973	33,797,725
Capital Outlay	16,514,512	9,948,370	6,836,976	9,357,588	5,223,507
Debt Service	321,183	321,186	316,964	316,965	316,966
Other Outgo	1,012,215	1,372,652	1,222,744	1,401,506	1,568,382
Total Expenditures	230,469,827	239,660,914	274,341,443	300,688,142	323,187,848
EXCESS OF REVENUES OVER/ (UNDER) EXPENDITURES	4,404,030	11,294,389	9,760,558	28,700,242	6,674,322
Other Financing Sources/(Uses)					
Operating Transfers In	415,392	210,490	470,258	530,670	529,065
Operating Transfers Out	(1,150,000)	(4,782,328)	(1,287,240)	(1,878,385)	(3,908,015)
Other Financing Sources (Uses)	--	--	--	--	--
Total Other Financing Sources/(Uses)	(734,608)	(4,571,838)	(816,982)	(1,347,715)	(3,378,950)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	3,669,422	6,722,551	8,943,576	27,352,527	3,295,372
Fund Balance, July 1	46,428,346	50,097,768	56,820,319	65,763,895	93,116,422
Fund Balance, June 30	$50,097,768	$56,820,319	$65,763,895	$93,116,422	$96,411,794

Source: Folsom Cordova Unified School District.

Budget Process

State Budgeting Requirements. The School District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below. Additional amendments to the budget process were made by Assembly Bill 2585, effective as of September 9, 2014, including the elimination of the dual budget cycle option for school districts. All school districts must now be on a single budget cycle.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations, if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, whether the budget includes the expenditures necessary to implement a LCAP, and whether the budget's ending fund balance exceeds the minimum recommended reserve for economic uncertainties.

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. A school district board must be notified by September 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the county superintendent's recommendations. The committee must report its findings no later than September 20. Any recommendations made by the county superintendent must be made available by the school district for public inspection. No later than October 22, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget may be disapproved.

A school district whose budget has been disapproved must revise and readopt its budget by October 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final school district budgets and not later than November 8, must approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. No later than November 8, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved. Until a school district's budget is approved, the school district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent, may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent will appoint a trustee at the direction of the county superintendent to serve the school district until it has adequate fiscal systems and controls in place. In connection with appointing such a trustee, some or all of the legislative powers of the governing board of such a school district can be suspended until the district achieves fiscal stability.

The School District has never had an adopted budget disapproved by the County superintendent of schools. The School District self-certified as "qualified" its second interim financial report for fiscal year 2008-09 and each of its first and second interim financial reports for fiscal years 2009-10 through 2012-13. The School District received a positive certification for its 1st interim financial report for fiscal year 2013-14 and for each of its interim financial reports delivered thereafter, through and including the second interim financial report for 2018-19. The School District self-certified as "qualified" its first and second interim financial reports for fiscal year 2019-20. As other reports since then were self-certified as positive, and have been accepted by the County superintendent.

General Fund Budgeting. The table on the following page summarizes the School District's general fund adopted budgets for fiscal years 2021-22 through 2024-25, ending results for fiscal years 2021-22 through 2023-24, and projected results for fiscal year 2024-25.

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GENERAL FUND BUDGETING
Fiscal Years 2021-22 through 2024-25
Folsom Cordova Unified School District

	Fiscal Year 2021-22[1]		Fiscal Year 2022-23[1]		Fiscal Year 2023-24[1]		Fiscal Year 2024-25	
	Adopted Budget	Actual	Adopted Budget	Actual	Adopted Budget	Actual	Adopted Budget[2]	Projected[2]
REVENUES								
LCFF/Revenue Limit Sources	$193,507,621	$193,482,209	$209,031,959	$218,610,933	$234,737,780	$242,596,191	$254,380,907	$254,242,650
Federal Revenue	11,725,086	35,488,511	20,467,549	20,664,754	12,079,180	11,955,117	10,008,352	11,008,645
Other State Revenues	34,231,630	50,051,506	44,274,767	79,898,280	51,401,540	58,946,114	54,738,436	58,539,889
Other Local Revenues	5,441,680	5,079,775	7,973,493	10,214,417	7,340,357	16,364,748	9,895,984	12,450,269
TOTAL REVENUES	244,906,017	284,102,001	281,747,768	329,388,384	305,558,857	329,862,170	329,023,679	336,241,453
EXPENDITURES								
Certificated Salaries	103,602,473	115,290,463	113,647,865	126,264,687	127,198,303	137,471,660	143,115,023	144,672,425
Classified Salaries	37,527,548	44,716,539	49,531,992	51,686,895	58,471,453	58,567,335	68,034,793	66,136,481
Employee Benefits	58,978,703	60,832,668	68,779,139	70,534,315	78,974,031	75,348,077	84,303,243	82,270,586
Books and Supplies	9,652,855	14,539,439	12,794,350	10,143,213	12,203,858	10,894,196	13,753,095	13,768,142
Services and Other Operating Expenses	22,517,867	30,585,650	27,302,142	30,982,973	32,641,677	33,797,725	36,826,401	42,813,978
Capital Outlay	2,370,945	6,836,976	6,366,806	9,357,588	4,534,875	5,223,507	3,708,943	7,553,250
Debt Service	--	316,964	--	316,965	--	316,966	--	--
Other Outgo	1,449,162	1,222,744	1,280,008	1,401,506	1 ,329,583	1,568,382	1,709,816	1,778,864
Direct Support/Indirect Costs	--	--	--	--	(415,359)	--	(569,285)	(589,703)
Total Expenditures	236,099,553	274,341,443	279,702,302	300,688,142	315,354,280	323,187,848	350,882,029	358,404,023
Excess (Deficiency) Of Revenues Over Expenditures	8,806,464	9,760,558	2,045,466	28,700,242	(9,789,323)	6,674,322	(21,858,350)	(22,162,570)
Other Financing Sources/Uses								
Interfund Transfers In	128,135	470,258	--	530,670	133,955	529,065	159,671	136,998
Interfund Transfers Out	(1,150,000)	(1,287,240)	(1,150,000)	(1,878,385)	(950,000)	(3,908,015)	(2,299,225)	(2,299,225)
Total Other Financing Sources/Uses	(1,021,865)	(816,982)	(1,150,000)	(1,347,715)	(816,045)	(3,378,950)	(2,139,554)	(2,162,227)
Net Increase (Decrease) In Fund Balance	7,784,599	8,943,576	895,466	27,352,527	(10,605,368)	6,674,322	(23,997,904)	(24,324,797)
Beginning Fund Balance (July 1)	56,820,319	56,820,319	65,763,895	65,763,895	93,116,422	93,116,422	96,238,127	96,238,127
Ending Fund Balance (June 30)	$64,604,918	$65,763,895	$66,659,361	$93,116,422	$82,504,954	$96,411,794	$72,240,223	$71,913,330

(1) From the School District's Comprehensive Audited Financial Statements for fiscal years 2020-21 through 2023-24.
(2) From the School District's 2024-25 Second Interim Financial Report.
Source: Folsom Cordova Unified School District.

State Budget

The following information concerning the State's budget has been obtained from publicly available information which the School District believes to be reliable; however, the School District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information in this Official Statement that the principal or interest on the Bonds is payable from the general fund of the School District. The Bonds shall be payable from the proceeds of an ad valorem *property tax required to be levied by the County on taxable property within the Improvement District in amounts sufficient for the payment thereof.*

2024-25 State Budget. On June 29, 2024, the Governor signed the State budget for fiscal year 2024-25 (the "2024-25 State Budget"). The following is drawn from the DOF summary of the 2024-25 State Budget.

The 2024-25 State Budget reported that, emerging from the COVID-19 pandemic, the State had experienced significant revenue volatility occasioned by unprecedented revenue growth that was quickly followed by a sharp correction back towards to historical trends, as well as federal and state income tax deadline delays which significantly clouded the State's revenue forecast. The 2024-25 State Budget estimated that the State was facing a budget shortfall in fiscal year 2024-25 of approximately $46.8 billion. The 2024-25 State Budget solved the projected deficit through a mix of broad-based measures, including:

- *Reductions* – $16 billion of reductions to various State programs and operations, including (i) a reduction to State operations of approximately 7.95% beginning in fiscal year 2024-25 to nearly all department budgets, (ii) a permanent reduction of $1.5 billion by reducing departmental budgets for vacant positions, (iii) an additional reduction of $358 million (for a total of $750 million) to the Department of Corrections and Rehabilitation in fiscal years 2022-23 through 2024-25, and (iv) various one-time and ongoing reductions to State programs, including the California Student Housing Loan Program, the Learning-Aligned Employment Program, the Middle Class Scholarship Program, affordable housing programs, healthcare workforce programs and State and local public health efforts.

- *Revenue and Internal Borrowing* – $13.6 billion in additional revenue sources and internal borrowings from special funds, including (i) suspension of the Net Operating Loss tax deduction for companies with over $1 million in taxable income and limits on business tax credits to $5 million in fiscal years 2024-25 through 2026-27, (ii) an increase to the managed care organization tax of $5.1 billion in fiscal year 2024-25, $4.6 billion in fiscal year 2025-26 and $4 billion in fiscal year 2026-27.

- *Reserves* – The 2024-25 State Budget withdrew $12.2 billion from the BSA over the next two fiscal years ($5.1 billion in fiscal year 2024-25 and $7.1 billion in fiscal year 2025-26), and $900 million from the Safety Net Reserve in fiscal year 2024-25. The 2024-25 State Budget also withdraws the full balance in the PSSSA ($5.3 billion) to support LCFF costs in fiscal year 2023-24. The 2024-25 State Budget also authorizes a discretionary payment to the PSSSA in fiscal year 2024-25 of $1.1 billion. As a result, school reserve caps are not projected to be triggered in fiscal year 2024-25 and 2025-26.

- *Fund Shifts* – The 2024-25 State Budget shifted $6.0 billion of expenditures from the State general fund to other funds, including (i) applying a prior CalPERS supplemental pension payment to the State's overall pension liability, reducing required employer contributions in fiscal year 2024-25 by $1.7 billion, and (ii) $3.9 billion from the State general fund to the Greenhouse Gas Reduction Fund to support the Transit and Intercity Rail Capital Program as well as clean energy and other climate programs.

- *Delays and Pauses* – $3.1 billion of delays to avoid increases in future obligations and potential shortfalls, including (i) delaying for two years the expansion of the California Food Assistance Program, (ii) delaying for two years the implementation of increased pay to providers of assistance to individuals with developmental disabilities, (iii) delaying for two years the expansion of child care slots, and (iv) delaying funding to the Broadband Last Mile program, which provides funding for projects that increase internet access in low income communities, to fiscal year 2027-28.

- *Deferrals* – $2.1 billion of deferrals in certain State payments, including (i) a deferral of $3.2 billion (including $1.6 billion from the State general fund) for one month of State employees' payroll costs, and (ii) a multi-year deferral of $524 million for the University of California/California State University compact which advances several shared student goals. The 2024-25 State Budget also authorizes LCFF apportionment deferrals of $246 million from 2024-25 to 2025-26 (as further described herein).

For fiscal year 2023-24, the 2024-25 State Budget projected total general fund revenues and transfers of $189.4 billion and authorized expenditures of $223.1 billion. The State was projected to end the 2023-24 fiscal year with total reserves of $26.4 billion, including $22.6 billion in the BSA, $2.9 billion in the traditional general fund reserve, and $900 million in the Safety Net Reserve Fund. The 2024-25 State Budget also authorized the withdrawal of the full amount on deposit in the PSSSA, leaving a zero balance. For fiscal year 2024-25, the 2024-25 State Budget projected total general fund revenues and transfers of $212.1 billion and authorizes expenditures of $211.5 billion. The State was projected to end the 2024-25 fiscal year with total reserves of $22.2 billion, including $3.5 billion in the traditional general fund reserve, $17.6 billion in the BSA and $1.1 billion in the PSSSA. The Safety Net Reserve was projected to have a zero balance.

The 2024-25 State Budget set total funding for all K-12 education programs at $133.8 billion, including $81.5 billion from the State general fund and $52.3 billion from other sources. The minimum funding guarantee in fiscal year 2024-25 was set at $115.3 billion. The 2024-25 State Budget also made retroactive changes to the minimum funding guarantee in fiscal years 2022-23 and 2023-24, setting them at $103.7 billion and $98.5 billion, respectively. The 2024-25 State Budget suspended the minimum funding guarantee in fiscal year 2023-24, creating a maintenance factor obligation of approximately $8.3 billion in fiscal year 2023-24, and was projected to create a maintenance factor obligation of approximately $4.1 billion in fiscal year 2024-25, which would be paid in addition to the guarantee for fiscal year 2024-25. The 2024-25 State Budget projected Test 1 of the guarantee to be in effect in fiscal year 2024-25. To accommodate enrollment increases related to the expansion of Transitional Kindergarten, the 2024-25 State Budget rebenched the Test 1 percentage, from approximately 38.6% to 39.2%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

Other significant features relating to K-12 education funding include the following:

- *LCFF* – The 2024-25 State Budget included an LCFF COLA of 1.07%. When combined with population growth adjustments, this would result in an increase of roughly $983 million in discretionary funds for local educational agencies, as compared to the level set in the prior State budget. To fully fund the LCFF, the 2024-25 State Budget authorized the withdrawal of the full balance in the PSSSA to support ongoing LCFF costs in fiscal year 2023-24, and uses available reappropriation and reversion funding totaling $253.9 million to support ongoing LCFF costs in 2024-25. As a result, the adjusted Base Grants for fiscal year 2024-25 were as follows: (i) $3,077 for TK, (ii) $10,025 for grades K-3, (iii) $10,177 for grades 4-6, (iv) $10,478 for grades 7 and 8, and (v) $12,144 for grades 9-12. The 2024-25 State Budget also provided $89.2 million in ongoing Proposition 98 funding to reflect a 1.07% COLA for specified categorical programs.

- *Deferrals* – The 2024-25 State Budget reflected LCFF apportionment deferrals from 2023-24 to 2024-25 of approximately $3.6 billion, and from 2024-25 to 2025-26 of approximately $246 million. Additionally, the 2024-25 State Budget reflected approximately $2.3 billion in categorical program deferrals from 2022-23 to 2023-24, with the deferral amount being repaid using funds on deposit in the PSSSA.

- *Teacher Preparation and Professional Development* – $25 million in one-time Proposition 98 funding to support training for educators to administer literacy screenings. The 2024-25 State Budget also provided $20 million in one-time Proposition 98 funding for county offices of education to develop and provided training for mathematics coaches and leaders to support the delivery of high-quality math instruction.

- *Transitional Kindergarten* – $988.7 million in Proposition 98 funding to support the second year (the 2023-24 school year) of expanded eligibility for TK, shifting age eligibility from all children turning five years old between September 2 and February 2 to all children turning such age between September 2 to April 2 (approximately 36,000 additional children). In connection with this expansion, the 2024-25 State Budget provided $390.2 million in Proposition 98 funding to support one additional certificated or classified staff person for every TK class. Additionally, the 2024-25 State Budget provided $1.5 billion in ongoing Proposition 98 funding to support the third year (the 2024-25 school year) of expanded eligibility for TK, shifting age eligibility for all children turning five years old between September 2 and April 2 to all children turning such age between September 2 and June 2 (approximately 38,000 additional children). In connection with this expansion, the 2024-25 State Budget provided $515.5 million in ongoing Proposition 98 funding to support one additional certificated or classified staff person for every TK class.

- *Facilities* – The 2024-25 State Budget delayed $550 million of funds approved as part of previous State budgets to support the construction of new school facilities or the retrofit of existing facilities for the purpose of providing TK, full-day kindergarten or preschool classrooms. The 2024-25 State Budget also forgoes a previously planned investment of $875 million in the State School Facilities Program.

- *Home-to-School Transportation* – The 2024-25 State Budget eliminated $500 million in previously planned one-time Proposition 98 funding to support the greening of school bus fleets.

- *Nutrition* – An increase of $179.4 million in ongoing Proposition 98 funding, and an additional $120.8 million in one-time Proposition 98 funding, to fully fund the universal school meals program in 2023-24 and 2024-25.

- *Employee Assistance* – $9 million in one-time Proposition 98 funding to provide supplemental pay for classified school staff during intersessional months when they are not employed.

- *Instruction* – $907.1 million to support Proposition 28, the Arts and Music in Schools Funding Guarantee and Accountability Act, in fiscal year 2024-25. The 2024-25 State Budget also provided $7 million in one-time Proposition 98 funding to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks. Finally, the 2024-25 State Budget provided $5 million in one-time Proposition 98 funding to support the California Teachers Collaborative for Holocaust and Genocide Education.

- *After School Programs* - $5 million in one-time State general fund support for after school programs in rural school districts.

- *Technology Support* – $3.4 million, of which $380,000 is ongoing, to support the replacement of critical computer servers, maintain warranty coverage for network infrastructure and refresh laptops, tablets and workstations for students and staff at State special schools and diagnostic centers. The 2024-25 State Budget also provided $3.2 million in ongoing Proposition 98 funding to support the K-12 High Speed Network program.

For additional information regarding the 2024-25 State Budget, see the DOF and LAO websites www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by any reference.

2025-26 Proposed State Budget. On January 10, 2025, the Governor released the proposed State budget for fiscal year 2025-26 (the "Proposed 2025-26 Budget"). The following is drawn from the DOF and LAO summaries of the Proposed 2025-26 Budget.

The Proposed 2025-26 Budget reports that the State begins 2025 in a stronger fiscal position than it has in recent years. The State experienced significant budget shortfalls in recent years due to the combination of extreme revenue volatility and an unprecedented federal tax filing delay. The economy has generally performed better than projected in the 2024-25 Budget. leading to an upgraded forecast in the near term and modest upward revisions in the long term. The stronger-than-anticipated performance of the economy, stock market, and cash receipts, combined with an improved economic outlook, have all contributed to the upgraded revenue forecast, with general fund revenues before accounting to transfers and tax policy proposals projected to be higher by approximately $16.5 billion in the three-year budget window. In its review of the Proposed 2025-26 Budget, the LAO notes that the Governor's revenue estimates exceed the LAO's by approximately $9 billion, owing largely to higher estimates of personal income and corporation taxes. The Proposed 2025-26 Budget recognizes several risk factors that could affect the economy and State revenues, including stock market and asset price volatility and declines, as well as geopolitical instability. Although the Proposed 2025-26 Budget anticipates shortfalls in subsequent fiscal years that are driven by expenditures exceeding revenues, additional decisions may be necessary at the May revision to maintain a balanced budget, not only in the coming year, but also on an ongoing basis.

The 2024-25 State Budget assumed withdrawals from the BSA of approximately $5.1 billion in 2024-25 and $7.1 billion in 2025-26 in order to provide for a balanced budget. The Proposed 2025-26 Budget maintains the $7.1 billion withdrawal from the BSA for 2025-26. In order to address revenue volatility and increase budget resiliency, the Proposed 2025-26 Budget proposes statutory changes to allow the State to save even more during economic upswings. The Proposed 2025-26 Budget proposes to increase the mandatory deposit level in the BSA from the current 10 percent to 20 percent of general fund revenues and exempt deposits into the BSA from the State appropriations limit. The Proposed 2025-26 Budget assumes that increased reserves would allow the State to weather future revenue volatility and avoid needing to make reductions, deferrals and funding delays during revenue downswings or other emergencies.

For fiscal year 2024-25, the Proposed 2025-26 State Budget projects total general fund revenues and transfers of $222.5 billion and authorizes expenditures of $232.1 billion. The State is projected to end the 2024-25 fiscal year with total reserves of approximately $27.4 billion, including $18.0 billion in the BSA, $8.3 billion in traditional general fund reserves and $1.2 billion in the PSSSA. For fiscal year 2025-26, the Proposed 2025-26 Budget projects total general fund revenues and transfers of $225.1 billion and authorizes expenditures of $228.9 billion. The State is projected to end the 2025-26 fiscal year with total reserves of approximately $16.9 billion, including $4.5 billion in the traditional general fund reserve, $10.9 billion in the BSA and $1.5 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance across both fiscal years 2024-25 and 2025-26.

The Proposed 2025-26 Budget sets total funding in fiscal year 2025-26 for all TK-12 education programs at $137.1 billion, including $83.3 billion from the State general fund and $53.8 billion from other sources. TK-12 per-pupil funding totals $24,764, including $18,918 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2025-26 is set at $118.9 billion. The Proposed 2025-26 Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2023-24 and 2024-25, setting them at $98.5 billion and $119.2 billion, respectively. The revisions to the minimum funding guarantee represent an increase of approximately $7.5 billion of the three-year period relative to the 2024-25 State Budget. For fiscal year 2024-25, the Proposed 2025-26 Budget appropriates $117.6 billion, instead of the currently calculated level of $119.2 billion, in order to mitigate the risk of potentially appropriating more resources to the minimum funding guarantee than are available in the final calculation for 2024-25. Potential adjustments will be evaluated at the May revision to the Proposed 2025-26 Budget and will not be final until the certification of the 2024-25 minimum funding guarantee. The Proposed 2025-26 Budget projects Test 1 of the guarantee to be in effect for fiscal years 2024-25 and 2025-26. To accommodate enrollment increases related to the expansion of Universal Transitional Kindergarten (further described below), the Proposed 2025-26 State Budget rebenches the Test 1 percentage, from approximately 39.2% to 39.6%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

Other significant features relating to TK-12 education funding include the following:

- *LCFF* – The Proposed 2025-26 Budget includes an LCFF COLA of 2.43%. When combined with population growth adjustments, this would result in an increase of roughly $2.5 billion in discretionary funds for local educational agencies. The Proposed 2025-26 Budget assumes that budgetary deferrals of $246.6 million are fully repaid in 2025-26. To fully fund the LCFF and maintain the level of past year principal apportionments, the Proposed 2025-26 Budget uses available reappropriation and reversion funding totaling $25.9 million to support ongoing LCFF costs in 2023-24 and deferring LCFF funding totaling $35.1 million from 2023-24 to 2024-25. This one-time deferral is fully repaid in 2024-25. The Proposed 2025-26 Budget also provides $204 million in ongoing Proposition 98 funding to reflect a 2.43% COLA for specific categorical programs and the LCFF Equity Multiplier. Finally, the Proposed 2025-26 Budget reflects $12.2 million in ongoing Proposition 98 funding to reflect ADA changes applicable to LCFF funding for county offices of education, as well as a 2.43% COLA.

- *Universal Transitional Kindergarten* – $2.4 billion in ongoing Proposition 98 funding to support the full implementation of universal transitional kindergarten so that all children who turn 4 years old by September 1 of the school year can enroll (providing access to roughly 60,000 additional children). The Proposed 2025-26 Budget also provides an additional $1.5 billion in ongoing Proposition 98 funding to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every transitional kindergarten classroom, and $10 million in one-time Proposition 98 funding to support the statewide use of English language proficiency screeners to support multilingual learnings in transitional kindergarten.

- *Before School, After School and Summer School* – $435 million in additional ongoing Proposition 98 funding for the Expanded Learning Opportunities Program, which seeks to implement before, after and summer school instruction and enrichment for students in grades K-6, with a focus on local educational agencies with the highest concentrations of EL/LI students.

- *Literacy Instruction* – The Proposed 2025-26 Budget provides one-time Proposition 98 funding of $500 million for TK-12 literacy and mathematics coaches and $40 million to support necessary costs, including purchasing screening materials and training for educators, to administer literacy examinations. The one-time funds augment funds provided in previous budgets in support of implementing the State's English Language Arts/English Language ("ELA/ELD") Framework. The Proposed 2025-26 Budget also provides $5 million annually through 2029-30 to initiate follow-up adoption for instructional materials and to develop a curriculum guide and resources in personal finance.

- *Teacher Preparation and Professional Development* – $150 million in one-time Proposition 98 funding to provide financial assistance for teacher candidates and an additional $100 million in one-time Proposition 98 funding to extend the timeline of the existing National Board Certification Program to support the teaching and mentoring of other instructional staff in high poverty schools.

- *Student Support and Professional Development Discretionary Block Grant* – $1.8 billion in one-time Proposition 98 funds for a student support discretionary block grant. The funds will provide local educational agencies with additional fiscal support to address rising costs, as well as fund statewide priorities including: (i) professional development for teachers ELA/ELD Framework and the Literacy Roadmap; (ii) professional development for teachers on the Mathematics Framework; (iii) teacher recruitment and retention strategies; and (iv) career pathways and dual enrollment expansion efforts.

- *Learning Recovery Emergency Block Grant* – $378.6 million one-time Proposition 98 funding to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing learning recovery initiatives through the 2027-28 school year.

- *Nutrition* – An increase of $106.3 million in ongoing Proposition 98 funding to fully fund the universal school meals program in 2025-26.

- *Kitchen Infrastructure and Training* – $150 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure, and training to support schools in providing more freshly prepared meals made with locally grown ingredients.

- *Local Property Tax Adjustments* – $150 million in one-time Proposition 98 funding for school districts and county offices of education in 2024-25, and a decrease of $1.5 billion ongoing Proposition 98 funding for school districts and county offices of education in 2025-26, resulting from increased offsetting property taxes.

- *TK-12 High Speed Network Support* – $3.5 million in one-time State general fund support for after school programs in rural school districts.

For additional information regarding the Proposed 2025-26 Budget, see the DOF and LAO websites www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by any reference.

Future Actions and Events. The School District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The School District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the School District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the School District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the Improvement District for the payment of principal of and interest on the Bonds would not be impaired.

School District Debt Structure

Changes in Long-Term Debt. A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2024 is shown below.

SCHEDULE OF LONG TERM DEBT
as of June 30, 2024
Folsom Cordova Unified School District

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
General Obligation Bonds	$482,276,778	--	$11,456,429	$470,820,349
Unamortized Premium	28,317,484	--	1,171,360	27,146,124
Accreted Interest on General Obligation Bonds	69,230,087	6,422,690	7,948,571	67,704,206
Capitalized Lease Obligation	306,290	--	306,290	--
Net OPEB Liability	13,544,643	--	2,919,278	10,625,365
Net Pension Liability	217,599,739	28,962,000	--	246,561,739
Compensated Absences	1,452,782	33,675	--	1,487,457
Total	$812,728,803	$35,418,365	$23,801,928	$824,345,240

Source: Folsom Cordova Unified School District.

General Obligation Bonds – Summary. The School District has issued general obligation bonds for several school facilities improvement districts, including the Improvement District, pursuant to voter-approved authorizations. The School District has also issued general obligation refunding bonds to refinance certain of such bonds. The following table summarizes the outstanding prior bond issuances of the School District, not including the Bonds.

Issuance	**Initial Principal Amount**	**Principal Outstanding**[1]	**Date of Delivery**
Folsom Cordova Unified School District School Facilities Improvement District No. 1 ("Improvement District No. 1")			
Election of 2002, Series A	$17,995,749.60	$1,233,612.60	July 1, 2002
Election of 2002, Series B	30,998,849.20	4,262,339.60	December 1, 2004
Improvement District No. 2			
Election of 2002, Series A	36,996,422.10	2,537,432.40	July 1, 2002
2020 Refunding Bonds, Series A	7,150,000.00	5,650,000.00	November 10, 2020
Folsom Cordova Unified School District School Facilities Improvement District No. 3 ("Improvement District No. 3")			
Election of 2007, Series A	24,998,630.35	8,624,347.70	November 8, 2007
Election of 2007, Series B	10,550,225.55	8,818,411.25	December 3, 2009
Election of 2007, Series C	10,000,000.00	8,740,000.00	December 22, 2016
2017 Refunding Bonds, Series A	8,525,000.00	3,015,000.00	February 22, 2017
Election of 2007, Series D	150,000,000.00	149,490,000.00	July 31, 2019
Improvement District No. 4			
Election of 2006, Series A	39,995,205.05	13,447,409.35	November 8, 2007
Election of 2006, Series B	2,628,625.65	513,625.65	December 3, 2009
Election of 2012, Series B	30,000,000.00	13,750,000.00	August 13, 2015
Election of 2012, Series C	13,000,000.00	11,335,000.00	December 22, 2016
2017 Refunding Bonds, Series B	21,765,000.00	19,095,000.00	February 22, 2017
2020 Refunding Bonds, Series B	24,015,000.00	22,195,000.00	November 10, 2020
2024 Refunding Bonds, Series A[2]	10,385,000.00	10,385,000.00	July 8, 2025
Improvement District No. 5			
Election of 2014, Series A	40,000,000.00	7,470,000.00	August 13, 2015
Election of 2014, Series B	60,000,000.00	56,720,000.00	December 22, 2016
Election of 2014, Series C	95,000,000.00	91,270,000.00	May 10, 2018
2024 Refunding Bonds, Series B[3]	17,040,000.00	17,040,000.00	July 8, 2025

(1) As of April 22,2025.
(2) On October 2, 2024, the School District sold 2024 General Obligation Refunding Bonds, Series A (School Facilities Improvement District No. 4) on a forward-delivery basis. Such bonds will be issued on July 8, 2025.
(3) On October 2, 2024, the School District sold 2024 General Obligation Refunding Bonds, Series B (School Facilities Improvement District No. 5) on a forward-delivery basis. Such bonds will be issued on July 8, 2025.
Source: The School District's Municipal Advisor.

Improvement District No. 1 – General Obligation Bonds. The following tables illustrate the debt service requirements on the outstanding general obligation bonds for Improvement District No. 1, assuming no optional redemptions.

OUTSTANDING GENERAL OBLIGATION BONDED DEBT SERVICE
Folsom Cordova Unified School District
School Facilities Improvement District No. 1

Year Ending (October 1)	Election of 2002 Series A Bonds	Election of 2002 Series B Bonds	Combined Debt Service
2025	$1,555,000.00	$2,785,000.00	$4,340,000.00
2026	1,600,000.00	2,855,000.00	4,455,000.00
2027	1,650,000.00	2,925,000.00	4,575,000.00
2028	--	3,000,000.00	3,000,000.00
2029	--	3,075,000.00	3,075,000.00
Total	$4,805,000.00	$14,640,000.00	$19,445,000.00

Improvement District No. 2 – General Obligation Bonds. The following tables illustrate the debt service requirements on the outstanding general obligation bonds for Improvement District No. 2, assuming no optional redemptions.

OUTSTANDING GENERAL OBLIGATION BONDED DEBT SERVICE
Folsom Cordova Unified School District
School Facilities Improvement District No. 2

Year Ending (October 1)	Election of 2002 Series A Bonds	2020 Refunding Bonds, Series A	Combined Debt Service
2025	$3,230,000.00	$1,153,000.00	$4,383,000.00
2026	3,290,000.00	1,177,200.00	4,467,200.00
2027	3,360,000.00	1,195,500.00	4,555,500.00
2028	--	1,223,000.00	1,223,000.00
2029	--	1,249,500.00	1,249,500.00
Total	$9,880,000.00	$5,998,200.00	$15,878,200.00

Improvement District No. 3 – General Obligation Bonds. The following table illustrates the debt service requirements on the outstanding general obligation bonds for Improvement District No. 3, assuming no optional redemptions.

OUTSTANDING GENERAL OBLIGATION BONDED DEBT SERVICE
Folsom Cordova Unified School District
School Facilities Improvement District Improvement District No. 3

Year Ending (October 1)	Election of 2007 Series A Bonds	Election of 2007 Series B Bonds	Election of 2007 Series C Bonds	2017 Refunding Bonds, Series A	Election of 2007 Series D Bonds	Combined Debt Service
2025	$3,055,000.00	$2,565,000.00	$404,137.50	$134,200.00	$5,979,600.00	$12,137,937.50
2026	2,985,000.00	3,025,000.00	729,137.50	133,200.00	5,979,600.00	12,851,937.50
2027	2,980,000.00	3,050,000.00	737,887.50	132,200.00	5,979,600.00	12,879,687.50
2028	2,875,000.00	3,425,000.00	735,387.50	131,575.00	5,979,600.00	13,146,562.50
2029	2,825,000.00	3,400,000.00	737,137.50	135,668.76	6,434,600.00	13,532,406.26
2030	2,725,000.00	3,745,000.00	737,887.50	134,581.26	6,596,400.00	13,938,868.76
2031	2,785,000.00	3,850,000.00	737,637.50	133,493.76	6,851,000.00	14,357,131.26
2032	2,810,000.00	4,365,000.00	736,387.50	132,406.26	6,744,400.00	14,788,193.76
2033	--	6,980,000.00	739,137.50	131,318.76	7,385,600.00	15,236,056.26
2034	--	4,885,000.00	735,637.50	2,865,231.26	7,204,800.00	15,690,668.76
2035	--	--	721,137.50	--	13,923,800.00	14,644,937.50
2036	--	--	724,887.50	--	14,836,800.00	15,561,687.50
2037	--	--	912,062.50	--	15,580,200.00	16,492,262.50
2038	--	--	911,331.26	--	16,538,800.00	17,450,131.26
2039	--	--	914,362.50	--	17,507,200.00	18,421,562.50
2040	--	--	910,950.00	--	18,497,800.00	19,408,750.00
2041	--	--	916,300.00	--	19,507,400.00	20,423,700.00
2042	--	--	--	--	20,832,800.00	20,832,800.00
2043	--	--	--	--	21,248,800.00	21,248,800.00
2044	--	--	--	--	21,673,600.00	21,673,600.00
Total	$23,040,000.00	$39,290,000.00	$13,041,406.26	$4,063,875.06	$245,282,400.00	$324,717,681.32

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Improvement District No. 4 General Obligation Bonds. The following table illustrates the debt service requirements on the outstanding general obligation bonds for the Improvement District, including each series of the Bonds, and assuming no further optional redemptions.

OUTSTANDING GENERAL OBLIGATION BONDED DEBT SERVICE
Folsom Cordova Unified School District
School Facilities Improvement District Improvement District No. 4

Year Ending (Oct. 1)	Election of 2006 Series A Bonds	Election of 2006 Series B Bonds	Election of 2012 Series B Bonds(1)	Election of 2012 Series C Bonds	2017 Refunding Bonds, Series B	2020 Refunding Bonds, Series B	2024 Refunding Bonds, Series A(2)	Election of 2024 Series A Bonds (Measure R)	Election of 2024 Series A Bonds (Measure S)
2025	$3,700,000.00	--	$668,571.88	$766,750.00	$1,691,950.00	$1,484,672.50	$119,715.97		
2026	3,920,000.00	--	996,143.76	766,750.00	1,793,200.00	1,547,672.50	519,250.00		
2027	4,160,000.00	--	497,393.76	786,250.00	1,902,200.00	1,607,972.50	1,034,250.00		
2028	4,410,000.00	--	1,147,393.76	794,250.00	2,013,200.00	1,670,572.50	493,500.00		
2029	4,675,000.00	--	1,216,268.76	786,250.00	2,131,700.00	1,735,322.50	493,500.00		
2030	4,950,000.00	--	1,281,293.76	793,000.00	2,267,300.00	1,807,072.50	493,500.00		
2031	5,250,000.00	--	422,243.76	793,750.00	2,402,050.00	1,880,522.50	1,383,500.00		
2032	5,560,000.00	--	1,477,243.76	798,750.00	2,545,800.00	1,954,772.50	449,000.00		
2033	--	$215,000.00	384,000.00	807,750.00	7,649,200.00	2,034,462.50	1,569,000.00		
2034	--	8,895,000.00	384,000.00	810,500.00	--	2,114,902.50	1,653,000.00		
2035	--	--	384,000.00	812,250.00	--	2,195,742.50	1,730,000.00		
2036	--	--	384,000.00	808,000.00	--	2,286,617.50	1,820,000.00		
2037	--	--	384,000.00	813,000.00	--	2,376,887.50	1,912,000.00		
2038	--	--	384,000.00	811,750.00	--	2,471,137.50	2,005,500.00		
2039	--	--	4,989,000.00	809,500.00	--	--	--		
2040	--	--	5,194,800.00	801,250.00	--	--	--		
2041	--	--	--	6,242,250.00	--	--	--		
Total	$36,625,000.00	$9,110,000.00	$20,194,353.20	$19,002,000.00	$24,396,600.00	$27,168,330.00	$15,675,715.97		

(1) Excludes debt service expected to be refinanced with proceeds of the District's 2024 General Obligation Refunding Bonds, Series A (School Facilities Improvement District No. 4), which are expected to be delivered on July 8, 2025.
(2) The 2024 General Obligation Refunding Bonds, Series A (School Facilities Improvement District No. 4) were sold on a forward-delivery basis and are not yet outstanding.

Improvement District No. 5 – General Obligation Bonds. The following tables illustrate the debt service requirements on the outstanding general obligation bonds for Improvement District No. 5 and assuming no further optional redemptions.

OUTSTANDING GENERAL OBLIGATION BONDED DEBT SERVICE
Folsom Cordova Unified School District
School Facilities Improvement District Improvement District No. 5

Period Ending October 1	Election of 2014 Series A Bonds[1]	Election of 2014 Series B Bonds	Election of 2014 Series C Bonds	2024 Refunding Series B Bonds[2]	Total Annual Debt Service
2025	$751,325.00	$3,010,050.00	$5,067,500.00	$196,433.33	$9,025,308.33
2026	967,400.00	3,657,550.00	4,747,750.00	852,000.00	10,224,700.00
2027	227,150.00	4,051,800.00	4,685,500.00	1,522,000.00	10,486,450.00
2028	1,157,150.00	4,188,800.00	4,898,500.00	818,500.00	11,062,950.00
2029	1,236,925.00	4,330,300.00	5,123,000.00	818,500.00	11,508,725.00
2030	1,316,825.00	4,475,550.00	5,354,800.00	818,500.00	11,965,675.00
2031	121,400.00	4,628,800.00	5,594,600.00	1,943,500.00	12,288,300.00
2032	121,400.00	4,779,050.00	5,851,600.00	2,037,250.00	12,789,300.00
2033	121,400.00	4,940,800.00	6,114,600.00	2,128,500.00	13,305,300.00
2034	121,400.00	5,102,800.00	6,397,800.00	2,222,000.00	13,844,000.00
2035	121,400.00	6,669,300.00	5,294,800.00	2,322,250.00	14,407,750.00
2036	121,400.00	5,449,300.00	6,990,400.00	2,428,500.00	14,989,600.00
2037	121,400.00	5,632,800.00	7,304,200.00	2,535,000.00	15,593,400.00
2038	121,400.00	5,822,050.00	7,633,600.00	2,646,250.00	16,223,300.00
2039	121,400.00	6,016,987.50	7,977,200.00	2,761,500.00	16,877,087.50
2040	3,156,400.00	6,219,925.00	8,332,800.00	--	17,709,125.00
2041	--	8,089,800.00	10,326,800.00	--	18,416,600.00
2042	--	--	19,155,800.00	--	19,155,800.00
2043	--	--	16,062,800.00	--	16,062,800.00
Totals	$9,905,775.00	$87,065,662.50	$142,914,050.00	$26,050,683.33	$265,936,170.83

(1) Excludes debt service expected to be refinanced with proceeds of the District's 2024 General Obligation Refunding Bonds, Series B (School Facilities Improvement District No. 5), which are expected to be delivered on July 8, 2025.
(2) The 2024 General Obligation Refunding Bonds, Series B (School Facilities Improvement District No. 5) were sold on a forward-delivery basis and are not yet outstanding.
(3)

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TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the School District and others and is subject to the condition that the School District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar Bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinion may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided that the School District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

The proposed forms of opinions of Bond Counsel for the Bonds are included in APPENDIX D hereto.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of school districts. See "SCHOOL DISTRICT FINANCIAL INFORMATION – Budget Process" herein. If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent, operating through an administrator appointed thereby, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the School District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the School District or to enforce any obligation of the School District related to such amounts due, without consent of the School District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a chapter 9 bankruptcy case, the School District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the School District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the School District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to finance the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County, on behalf of the School District, is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County's pooled investment fund, as described in "APPLICATION OF THE PROCEEDS OF THE BONDS" herein and "APPENDIX G – SACRAMENTO COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX D are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the School District has covenanted for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the School District and the Improvement District (each an "Annual Report") by not later than nine months following the end of the School District's fiscal year (which currently ends June 30), commencing with the report for the 2024-25 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the School District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or of the notices of listed events is included in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Previous Undertakings. Within the past five years, the School District did not fail to file annual reports and notices of listed events required by its prior undertakings pursuant to the Rule.

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the Government Code, are eligible for security for deposits of public moneys in the State.

Legal Opinions

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers thereof without cost. Copies of the proposed forms of such legal opinions for the Bonds are attached to this Official Statement as APPENDIX D, attached hereto.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate or certificates to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The School District is not aware of any litigation pending or threatened questioning the legal existence of the Improvement District or the School District or contesting the Improvement District's ability to levy *ad valorem* property taxes for payment of the Bonds or contesting the School District's ability to issue the Bonds.

Financial Statements

The School District's audited financial statements with supplemental information for the year ended June 30, 2024, the independent auditor's report of the School District, and the related statements of activities and of cash flows for the year then ended, and the report of Crowe LLP, independent accountants (the "Auditor"), are attached to this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the School District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

RATING

The Bonds have been assigned a rating of "Aa2" by Moody's, with a stable outlook.

The ratings reflects only the views of Moody's, and any explanation of the significance of such rating should be obtained therefrom. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. The School District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the School District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The School District has covenanted in a Continuing Disclosure Certificate to file on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access website ("EMMA") notices of any ratings changes on the Bonds. See "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from Moody's prior to such information being provided to the School District and prior to the date the School District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to Moody's and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds for the Measure R Bonds (the "Measure R Bonds Notice Inviting Proposals"), ___________ (the "Measure R Bonds Underwriter") will purchase all of the Measure R Bonds for a purchase price of $________, which is equal to the initial principal amount of the Measure R Bonds of $_________, plus net original issue premium of $__________, less $_________ of underwriting discount.

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds for the Measure S Bonds (the "Measure S Bonds Notice Inviting Proposals," and together with the Measure S Bonds Notice Inviting Proposals, the "Notices Inviting Proposals"), ___________ (the "Measure S Bonds Underwriter," and together with the Measure S Bonds Underwriter, the "Underwriters") will purchase all of the Measure S Bonds for a purchase price of $________, which is equal to the initial principal amount of the Measure S Bonds of $_________, plus net original issue premium of $__________, less $_________ of underwriting discount.

The Notices Inviting Proposals provide that the respective Underwriters will purchase all of the respective series of Bonds, if any are purchased. The initial offering prices stated on the inside cover pages of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell respective series of Bonds to certain dealers and others at prices lower than such initial offering prices.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from School District records. Appropriate officials of the Improvement District and the School District, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

By ____

Sean Martin
Assistant Superintendent, Business Services

APPENDIX A

BOUNDARY MAP OF THE IMPROVEMENT DISTRICT

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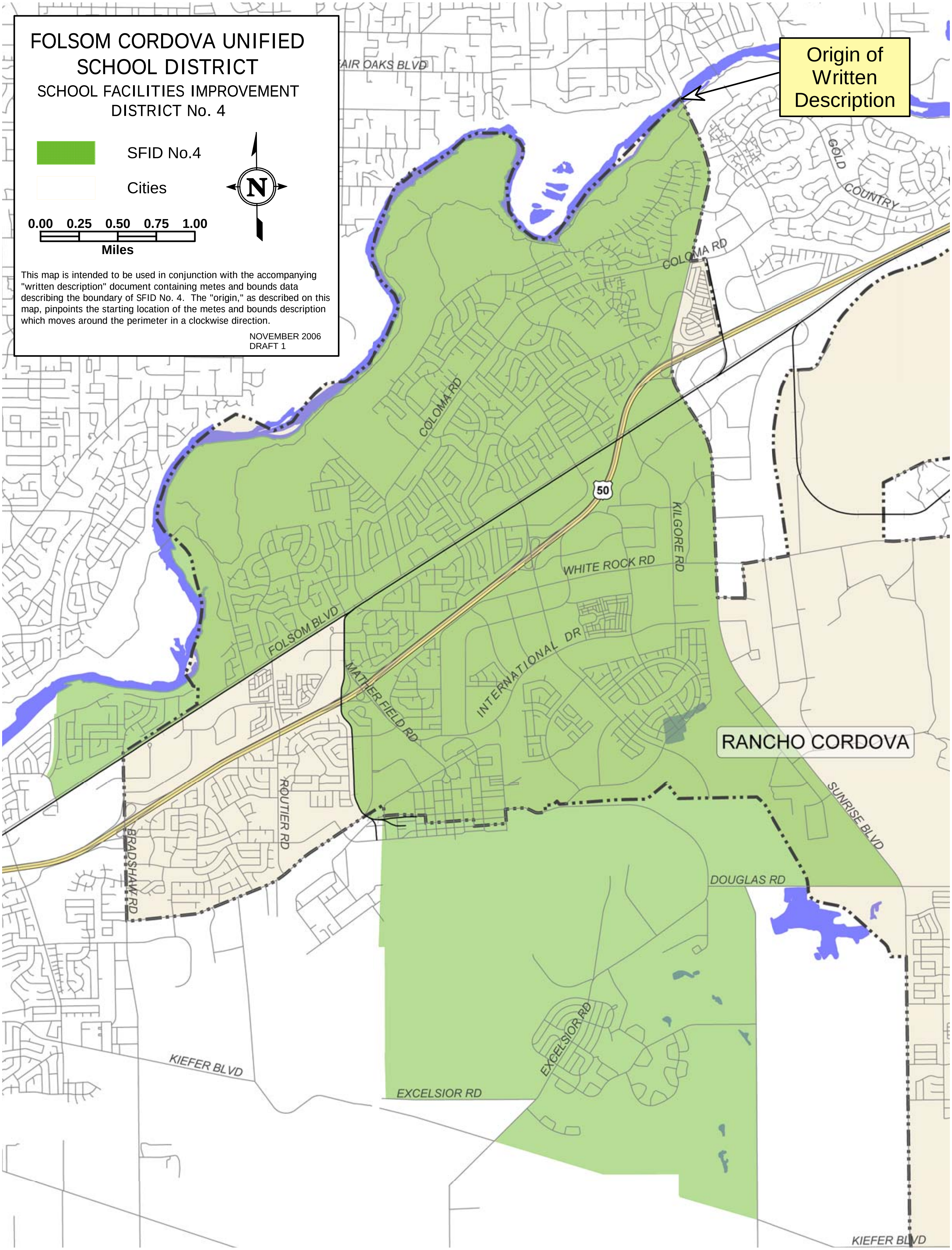
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHOOL FACILITIES IMPROVEMENT DISTRICT No. 4
SFID No.4
Cities
N
0.00 0.25 0.50 0.75 1.00
Miles
This map is intended to be used in conjunction with the accompanying "written description" document containing metes and bounds data describing the boundary of SFID No. 4. The "origin," as described on this map, pinpoints the starting location of the metes and bounds description which moves around the perimeter in a clockwise direction.
NOVEMBER 2006
DRAFT 1
Origin of Written Description
FAIR OAKS BLVD
GOLD
COUNTRY
COLOMA RD
COLOMA RD
50
KILGORE RD
WHITE ROCK RD
FOLSOM BLVD
INTERNATIONAL DR
MATHER FIELD RD
RANCHO CORDOVA
SUNRISE BLVD
ROUTIER RD
BRADSHAW RD
DOUGLAS RD
EXCELSIOR RD
EXCELSIOR RD
KIEFER BLVD
KIEFER BLVD

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APPENDIX B

THE 2023-24 AUDITED FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT

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FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2024

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the year ended June 30, 2024

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For the year ended June 30, 2024
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Crowe LLP
Independent Member Crowe Global

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, 2024, and the related notes to the financial statements, which collectively comprise the Folsom Cordova Unified School District 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, 2024, 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 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 50 to 54 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 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 11, 2024 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 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

Crowe LLP

Sacramento, California
December 11, 2024

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. 104300

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

Financial Reports

Two financial reports are included in the audit this year, the Statement of Net Position and the Statement of Activities, which begin on page 12. These two statements report the district-wide financial condition and activities. The individual fund statements which focus on reporting the District's operations in more detail begin on page 15.

Overview of the Financial Statements

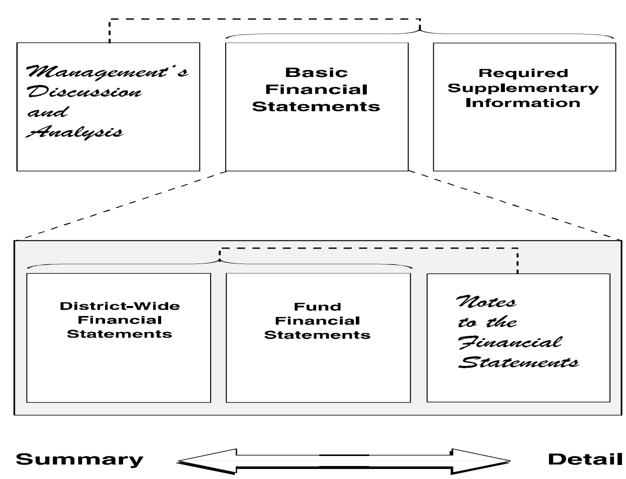
This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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.

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



<u>District-wide Statements</u>

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.

<u>Fund Financial Statements</u>

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 two 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 2023	2024	Percentage Change 2023-2024
Current and other assets	$370,583,618	345,401,782	
Capital assets	685,778,492	722,206,407	
Total assets	$1,056,362,110	1,067,608,189	1.06%
Deferred outflows of resources	96,238,885	110,076,261	14.38%
Long-term debt outstanding	812,728,803	824,345,240	
Other liabilities	37,577,261	26,126,099	
Total liabilities	850,306,064	850,471,339	0.02%
Deferred inflows of resources	45,551,240	33,638,346	-26.15%
Net investment in capital assets	301,711,957	305,475,916	
Restricted	170,654,467	199,068,505	
Unrestricted	-215,622,733	-210,969,656	
Total net position	256,743,691	293,574,765	14.35%

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	2023	2024
Revenues		
Program Revenues:		
Charges for Services	$17,628,453	23,532,131
Operating Grants and Contributions	115,087,105	91,589,752
Capital Grants and Contributions	9,144,641	18,693,021
General Revenues		
Taxes and Subventions	120,389,939	126,210,035
Federal and State Aid	146,609,059	165,568,637
Other	18,808,042	22,091,496
Total Revenues	$427,667,239	447,685,072
Program Expenses		
Instruction	$164,414,752	188,540,351
Instruction Related Services	34,611,749	42,452,485
Pupil Services	40,514,880	47,309,059
Ancillary Services	7,893,006	9,613,455
Data Processing	3,119,818	3,805,693
General Administration	13,884,516	25,277,723
Plant Services	64,553,645	66,988,864
Interest	23,724,369	23,218,308
Other	1,401,506	1,568,382
Enterprise activities	1,008,567	2,079,678
Total Expenses	355,126,808	410,853,998
Change in net position	72,540,431	36,831,074
Net Position – Beginning	184,203,260	256,743,691
Net Position – Ending	$256,743,691	293,574,765

Financial Condition of General Fund

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

	General Fund		Percentage Change
	2023	**2024**	**2023-2024**
Total Revenues	$ 329,388,384	329,862,170	
Expenses	300,688,142	323,187,848	
Other financing sources	(1,347,715)	(3,378,950)	
Excess of revenues over expenses	27,352,527	3,295,372	-87.95%

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 $1,115,580,943 in modernization and new construction from the following combined sources for 2023-2024.

	Governmental Activities		Percentage Change
	2023	**2024**	**2023-2024**
Land	$47,013,202	47,003,802	
Work-in-process	45,949,929	92,992,972	
Improvement of sites	40,338,068	41,115,707	
Buildings	821,742,332	840,739,390	
Equipment	87,450,427	93,729,072	
Total	$1,042,493,958	1,115,580,943	7.01%

District Indebtedness

At year-end, the District has incurred $824,345,240 of long-term debt. Of that, $470,820,349 is General Obligation Bonds secured by property tax increases voted on by local residents. In January 2016 the District issued Election of 2014 General Obligation Bonds, Series B in an aggregate principal amount of $83,000,000. In February 2017, the District issued $30,290,000 of 2017 General Obligation Crossover Refunding Bonds to refund a portion of the 2007 General Obligation Bonds, Series B and 2006 General Obligation Bonds, Series B and pay the costs of issuance.

	Governmental Activities		Percentage Change
	2023	**2024**	**2023-2024**
General Obligation Bonds	$482,276,778	470,820,349	
Unamortized premium	28,317,484	27,146,124	
Accreted interest	69,230,087	67,704,206	
Lease obligations	306,290	0.00	
Net OPEB liability	13,544,643	10,625,365	
Net pension liability	217,599,739	246,561,739	
Compensated absences	1,453,782	1,487,457	
Total	$812,728,803	824,345,240	1.43%

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:

	Estimated Actuals 2024	Unaudited Actual 2024	Percentage Variance
Revenues			
LCFF	242,167,090	242,596,191	
Federal Revenues	12,649,778	11,955,117	
State Revenues	57,579,002	58,946,114	
Local Revenues	14,601,469	16,364,748	
Total Revenues	326,997,339	329,862,170	0.88%
Expenditures			
Salaries & Benefits	272,329,780	271,387,072	
Books & Supplies	12,655,733	10,894,196	
Services & Other Operating	36,751,240	33,797,725	
Capital Outlay/Other Outgo	10,806,675	6,791,889	
Total Expenditures	332,543,428	322,870,882	-2.91%

Total revenues increased from the Estimated June projection by $2,864,796 the increase is primarily due to the 4th quarter interest adjustment along with final Lottery and Transportation revenue adjustments. This is offset by the deferral of unused Federal revenues along with a reduction for reimbursable accounts.

Total expenditures decreased from the Estimated June projection by $9,672,548 the majority of the decrease is due to large projects rolled over to 2024-2025 along with final staffing adjustments for open positions, and final adjustments to transportation supplies/fuel and reimbursable accounts.

Factors Bearing on The District's Future

LCFF funding for 2024-2025 is projected to grow due to ADA increases from a projected enrollment increase. This is due to new home construction and a projected COLA of 1.07%. In 2025-2026, LCFF revenues are anticipated to increase due to a projected COLA of 2.93% along with an increased student enrollment.

Federal and Other Local revenues are projected to decrease in 2024-2025 due to one-time activities being removed and assumption of all other revenues being held constant.

Other State revenues are projected to decrease in 2024-2025 due to decreases for on-time funding in Art, Music, & IM Grant, Learning Recovery Grant, and Child Dev. Universal Pre-K Planning. In addition, Equity Multiplier funding is unknow for 2024-2025 and not included.

The largest expense is for personnel costs; projections for 2024-2025 and 2025-2026 include filling of all open positions, teaching positions added for additional enrollment projection, ongoing increases for step & column, and benefit costs adjusted for employer pension rate changes.

Due to concerns related to the current projected State budget shortfall and potential recession discussions, it is important to recognize that any potential downturn will impact these projections.

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

BASIC FINANCIAL STATEMENTS

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	$ 319,926,443	$ 3,558,252	$ 323,484,695
Receivables	22,402,351	73,328	22,475,679
Prepaid expenses	3,050,481	-	3,050,481
Interagency balances (Note 3)	22,507	(22,507)	-
Non-depreciable capital assets (Note 4)	139,996,774	-	139,996,774
Depreciable capital assets, net of accumulated depreciation (Note 4)	582,209,633	-	582,209,633
Total assets	1,067,608,189	3,609,073	1,071,217,262
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pensions (Notes 7 and 8)	104,184,820	2,073,038	106,257,858
Deferred outflows of resources - OPEB	1,595,119	-	1,595,119
Deferred loss from refunding of debt	4,296,322	-	4,296,322
Total deferred outflows of resources	110,076,261	2,073,038	112,149,299
LIABILITIES			
Accounts payable	22,450,292	8,995	22,459,287
Unearned revenue	3,675,807	-	3,675,807
Long-term liabilities (Note 5):			
Due within one year	23,623,720	-	23,623,720
Due after one year	800,721,520	4,764,261	805,485,781
Total liabilities	850,471,339	4,773,256	855,244,595
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pensions (Notes 7 and 8)	22,420,684	2,628,316	25,049,000
Deferred inflows of resources - OPEB	11,217,662	-	11,217,662
Total deferred inflows of resources	33,638,346	2,628,316	36,266,662
NET POSITION			
Net investment in capital assets	305,475,916	-	305,475,916
Restricted:			
Legally restricted programs	64,698,096	-	64,698,096
Capital projects	99,590,382	-	99,590,382
Debt service	34,780,027	-	34,780,027
Unrestricted	(210,969,656)	(1,719,461)	(212,689,117)
Total net position	$ 293,574,765	$ (1,719,461)	$ 291,855,304

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	$ 188,540,351	$ 8,939,976	$ 44,261,224	$ 18,693,021	$ (116,646,130)	$ -	$ (116,646,130)
Instruction-related services:							
Supervision of instruction	16,546,205	291,850	6,002,302	-	(10,252,053)	-	(10,252,053)
Instructional library, media and technology	2,726,714	559,944	220,398	-	(1,946,372)	-	(1,946,372)
School site administration	23,179,566	308,580	2,961,569	-	(19,909,417)	-	(19,909,417)
Pupil services:							
Home-to-school transportation	7,888,969	12	129,206	-	(7,759,751)	-	(7,759,751)
Food services	11,746,641	21,636	14,742,744	-	3,017,739	-	3,017,739
All other pupil services	27,673,449	1,595,017	8,275,635	-	(17,802,797)	-	(17,802,797)
General administration:							
Data processing	3,805,693	1,326	26,514	-	(3,777,853)	-	(3,777,853)
All other general administration	25,277,723	155,701	2,990,302	-	(22,131,720)	-	(22,131,720)
Plant services	66,988,864	165,244	532,879	-	(66,290,741)	-	(66,290,741)
Ancillary services	9,613,455	11,492,845	11,254,941	-	13,134,331	-	13,134,331
Enterprise activities	2,079,678	-	107,738	-	(1,971,940)	-	(1,971,940)
Interest on long-term liabilities	23,218,308	-	-	-	(23,218,308)	-	(23,218,308)
Other outgo	1,568,382	-	84,300	-	(1,484,082)	-	(1,484,082)
Total governmental activitie	410,853,998	23,532,131	91,589,752	18,693,021	(277,039,094)	-	(277,039,094)
Business-type activities:							
Enterprise activities	2,550,433	3,203,131	-	-	-	652,698	652,698
Total governmental and business-type activities	$ 413,404,431	$ 26,735,262	$ 91,589,752	$ 18,693,021	(277,039,094)	652,698	(276,386,396)
General revenues:							
Taxes and subventions:							
Taxes levied for general purposes					88,329,165	-	88,329,165
Taxes levied for debt service					37,148,948	-	37,148,948
Taxes levied for other specific purposes					731,922	-	731,922
Federal and state aid not restricted to specific purposes					165,568,637	-	165,568,637
Interest and investment earnings					15,422,008	-	15,422,008
Miscellaneous					6,560,226	-	6,560,226
Internal transfers					109,262	(109,262)	-
Total general revenues					313,870,168	(109,262)	313,760,906
Change in net position					36,831,074	543,436	37,374,510
Net position, July 1, 2023					256,743,691	(2,262,897)	254,480,794
Net position, June 30, 2024					293,574,765	(1,719,461)	291,855,304

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
Cash in County Treasury	$ 86,908,365	$ 44,071,780	$ 91,769,371	$ 34,207,890	$ 16,981,027	$273,938,433
Cash on hand and in banks	1,907,526	-	1,023,886	-	1,880,506	4,811,918
Cash in revolving fund	75,000	-	-	-	10,000	85,000
Cash with Fiscal agent	6,074,045	35,017,047	-	-	-	41,091,092
Prepaid expenditures	3,042,137	-	-	-	8,344	3,050,481
Receivables	13,623,972	1,733,278	2,321,769	572,137	4,151,195	22,402,351
Due from other funds	770,746	26,937	-	-	927,631	1,725,314
Total assets	$112,401,791	$ 80,849,042	$ 95,115,026	$ 34,780,027	$ 23,958,703	$347,104,589
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 12,655,737	$ 3,909,382	$ 532,065	$ -	$ 662,006	$ 17,759,190
Unearned revenue	2,406,629	-	-	-	1,269,178	3,675,807
Due to other funds	927,631	-	-	-	775,176	1,702,807
Total liabilities	15,989,997	3,909,382	532,065	-	2,706,360	23,137,804
Fund balances:						
Nonspendable	3,117,137	-	-	-	18,344	3,135,481
Restricted	48,453,174	76,939,660	94,582,961	34,780,027	21,233,999	275,989,821
Committed	23,259,126	-	-	-	-	23,259,126
Assigned	11,782,119	-	-	-	-	11,782,119
Unassigned	9,800,238	-	-	-	-	9,800,238
Total fund balances	96,411,794	76,939,660	94,582,961	34,780,027	21,252,343	323,966,785
Total liabilities and fund balances	$112,401,791	$ 80,849,042	$ 95,115,026	$ 34,780,027	$ 23,958,703	$347,104,589

See accompanying notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

For the year ended June 30, 2024

Total fund balances - Governmental Funds		$ 323,966,785
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 $1,115,580,943 and the accumulated depreciation is $393,374,536 (Note 4).		722,206,407
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, 2024 consisted of (Note 5):		
General Obligation Bonds	$ (470,820,349)	
Unamortized premium	(27,146,124)	
Accreted interest	(67,704,206)	
Net OPEB liability (Note 9)	(10,625,365)	
Net pension liability (Notes 7 and 8)	(246,561,739)	
Compensated absences	(1,487,457)	
		(824,345,240)
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.		4,296,322
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	$ 104,184,820	
Deferred outflows of resources relating to OPEB	1,595,119	
Deferred inflows of resources relating to OPEB	(11,217,662)	
Deferred inflows of resources relating to pensions	(22,420,684)	
		72,141,593
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.		(4,691,102)
Total net position - governmental activities		$ 293,574,765

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, 2024

	General Fund	Building Fund	Capital Facilities Fund	Formerly Non-Major Bond Interest Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula (LCFF):						
State apportionment	$ 156,005,844	$ -	$ -	$ -	$ 1,082,829	$ 157,088,673
Local sources	86,590,347	-	-	-	1,289,406	87,879,753
Total LCFF	242,596,191	-	-	-	2,372,235	244,968,426
Federal sources	11,955,117	-	-	-	6,799,963	18,755,080
Other state sources	58,946,114	-	-	160,662	32,180,250	91,287,026
Other local sources	16,364,748	5,456,749	28,115,603	38,253,374	5,067,239	93,257,713
Total revenues	329,862,170	5,456,749	28,115,603	38,414,036	46,419,687	448,268,245
Expenditures:						
Current:						
Certificated salaries	137,471,660	-	-	-	1,643,873	139,115,533
Classified salaries	58,567,335	-	733,030	-	5,957,801	65,258,166
Employee benefits	75,348,077	-	312,551	-	2,820,044	78,480,672
Books and supplies	10,894,196	75,249	876,205	-	6,819,908	18,665,558
Contract services and operating expenditures	33,797,725	90,356	118,194	-	4,547,974	38,554,249
Other outgo	1,568,382	-	-	-	-	1,568,382
Capital outlay	5,223,507	69,228,173	4,526,738	-	4,189,897	83,168,315
Debt service:					-	
Principal retirement	306,290	-	-	11,456,429	-	11,762,719
Interest	10,676	-	-	25,513,575	-	25,524,251
Total expenditures	323,187,848	69,393,778	6,566,718	36,970,004	25,979,497	462,097,845
Excess (deficiency) of revenues over (under) expenditures	6,674,322	(63,937,029)	21,548,885	1,444,032	20,440,190	(13,829,600)
Other financing sources (uses):						
Transfers in	529,065	18,719,958	1,393	-	3,908,015	23,158,431
Transfers out	(3,908,015)	-	-	-	(19,141,154)	(23,049,169)
Total other financing (uses) sources	(3,378,950)	18,719,958	1,393	-	(15,233,139)	109,262
Net change in fund balances	3,295,372	(45,217,071)	21,550,278	1,444,032	5,207,051	(13,720,338)
Fund balances, July 1, 2023	93,116,422	122,156,731	73,032,683	-	49,381,287	337,687,123
Adjustment - changes to and within the District	-	-	-	33,335,995	(33,335,995)	-
Fund balances, July 1, 2023 as adjusted	93,116,422	122,156,731	73,032,683	33,335,995	16,045,292	337,687,123
Fund balances, June 30, 2024	$ 96,411,794	$ 76,939,660	$ 94,582,961	$ 34,780,027	$ 21,252,343	$ 323,966,785

See accompanying notes to financial statements.

Net change in fund balances - Total Governmental Funds		$ (13,720,338)
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).	$ 73,096,385	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(36,659,070)	
In the governmental funds, the entire proceeds from disposal are reported as revenue. In the statement of activities only the resulting gain or loss is reported (Note 4).	(9,400)	
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).	11,762,719	
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).	1,171,360	
Accretion of interest is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 5).	1,525,881	
Other postemployment benefits (OPEB) costs are recognized when employer contributions are made in the governmental net position (Notes 5 and 9).	(66,826)	
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.	(10,337)	
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):	155,339	
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).	(33,675)	50,551,412
Change in net position of governmental activities		$ 36,831,074

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
STUDENT CARE CENTER FUND
June 30, 2024

ASSETS	
Current assets:	
Cash and investments (Note 2)	
Cash in County Treasury	$ 3,498,477
Cash in Bank	59,775
Receivables	73,328
Total current assets	3,631,580
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	2,073,038
LIABILITIES	
Current liabilities:	
Accounts payable	8,995
Due to other funds (Note 3)	22,507
Total current liabilities	31,502
Net pension liability - long-term (Notes 7 and 8)	4,764,261
Total liabilities	4,795,763
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	2,628,316
NET POSITION	
Unrestricted	$ (1,719,461)

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, 2024

Operating revenues:	
Children Center fees	$ 3,203,048
Other local revenues	83
Total operating revenues	3,203,131
Operating expenses:	
Classified salaries	1,518,930
Employee benefits	757,135
Books and supplies	83,798
Contract services and operating expenses	190,570
Total operating expense	2,550,433
Operating income	652,698
Transfers to other funds	(109,262)
Change in net position	543,436
Net position, July 1, 2023	(2,262,897)
Net position, June 30, 2024	$ (1,719,461)

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, 2024

Cash flows from operating activities:	
Cash received for children center fees	$ 3,189,857
Cash received for other activities	83
Cash paid for operating expenses	(273,583)
Cash paid for salaries and employee benefits	(2,193,065)
Net cash provided by operating activities	723,292
Cash flows provided by noncapital financing activities:	
Transfer to/from other funds, net	(80,665)
Change in cash and investments	642,627
Cash and investments, July 1, 2023	2,915,625
Cash and investments, June 30, 2024	$ 3,558,252
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 652,698
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in:	
Receivables	(13,191)
Deferred outflows of resources	(84,000)
Increase (decrease) in:	
Accounts payable	785
Net pension liability	195,000
Deferred inflows of resources	(28,000)
Total adjustments	70,594
Net cash provided by operating activities	$ 723,292

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Folsom Cordova Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

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.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Bond Interest Redemption Fund - The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest, and related costs.

B - Other Funds

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

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, 2024.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets purchased or acquired, with an original cost of $5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

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

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

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

	STRP	PERF B	Total
Deferred outflows of resources	$ 64,002,561	$ 42,255,297	$ 106,257,858
Deferred inflows of resources	$ 23,212,000	$ 1,837,000	$ 25,049,000
Net pension liability	$ 145,246,000	$ 106,080,000	$ 251,326,000
Pension expense	$ 32,264,778	$ 19,381,988	$ 51,646,766

The District has allocated 4.49 percent of the District's proportionate share of the PERF B net pension liability and related deferred inflows of resources and outflows of resources to the District's business-type activities.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences: Compensated absences totaling $1,487,457 are recorded as a liability of the District.

Accumulated Sick Leave: Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Sacramento bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2 - Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that does not meet the definitions of "restricted" or "net investment in capital assets".

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

B - Restricted Fund Balance - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and proprietary fund statements.

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

D - Assigned Fund Balance - The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances, however, as of June 30, 2024, no such designation has occurred.

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

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

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

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2024, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2024 consisted of the following:

	Governmental Activities	Business-Type Activities
Pooled Funds:		
Cash in County Treasury	$ 273,938,433	$ 3,498,477
Deposits:		
Cash on hand and in banks	4,811,918	59,775
Cash in revolving fund	85,000	-
Cash with fiscal agent	41,091,092	-
Total	$ 319,926,443	$ 3,558,252

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, 2024, the carrying amount of the District's accounts were $4,956,693, and the bank balances were $4,968,699, of which $250,000 was insured.

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

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

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, 2024, 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, 2024, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2024 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General	$ 770,746	$ 927,631
Building	26,937	-
Non-Major Governmental Funds:		
Charter School	279,895	517,213
Adult Education	-	14,849
Child Development	-	23,666
Cafeteria	52,736	191,761
Deferred Maintenance	-	-
Pupil Transportation Equipment	595,000	-
County School Facilities		26,937
Special Reserve for Capital Outlay Projects	-	750
Proprietary Fund:		
Student Care Center	-	22,507
Totals	$ 1,725,314	$ 1,725,314

(Continued)

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 2023-2024 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.	2,958,015
Transfer from the County Schools Facilities Fund to the Building Fund for OPSC State reimbursement.	18,719,958
Transfer from the Charter Schools Fund to the General Fund for indirect costs.	3,168
Transfer from the Adult Education Fund to the General Fund for indirect costs.	39,777
Transfer from the Child Development Fund to the General Fund for indirect costs.	123,912
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	254,339
Transfer from the Student Care Fund to the Capital Facilities Fund for student supplie	1,393
Transfer from the Student Care Fund to the General Fund for indirect costs.	107,869
	$ 23,158,431

(Continued)

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2024 is shown below:

	Balance July 1, 2023	Additions and Transfers	Deductions and Transfers	Balance June 30, 2024
Non-depreciable:				
Land	$ 47,013,202	$ -	$ (9,400)	$ 47,003,802
Work-in-process	45,949,929	72,413,986	(25,370,943)	92,992,972
Depreciable:				
Improvement of sites	40,338,068	777,639	-	41,115,707
Buildings	821,742,332	18,997,058	-	840,739,390
Equipment	87,450,427	6,278,645	-	93,729,072
Totals, at cost	1,042,493,958	98,467,328	(25,380,343)	1,115,580,943
Less accumulated depreciation:				
Improvement of sites	(37,541,891)	(439,200)	-	(37,981,091)
Buildings	(282,334,909)	(22,546,368)	-	(304,881,277)
Equipment	(36,838,666)	(13,673,502)	-	(50,512,168)
Total accumulated depreciation	(356,715,466)	(36,659,070)	-	(393,374,536)
Governmental activities capital assets, net	$ 685,778,492	$ 61,808,258	$ (25,380,343)	$ 722,206,407

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 223,313
School site administration	15,522
Home-to-school transportation	889,352
Food services	250,491
Ancillary services	108,851
All other general administration	95,594
Data processing	178,127
Plant services	34,897,820
Total depreciation expense	$ 36,659,070

(Continued)

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: A summary of General Obligation Bonds payable as of June 30, 2024 follows:

Series	Interest Rate %	Original Maturity	Balance July 1, 2023	Current Year Issuance	Current Year Matured	Balance June 30, 2024
2002 Series A	3.00% - 5.73%	2028	6,530,070	-	1,409,489	5,120,581
2002 Series B	2.50% - 5.56%	2030	6,233,849	-	1,006,760	5,227,089
2007 Series A	4.00% - 5.00%	2033	28,080,821	-	3,015,180	25,065,641
2007 Series B	2.00% - 6.50%	2036	9,332,038	-	-	9,332,038
2014 GO Refunding	2.75% - 5.00%	2030	815,000	-	815,000	-
2012 Series B	3.25% - 5.00%	2041	26,225,000	-	710,000	25,515,000
2014 GO Refunding, Series A	2.00% - 5.00%	2041	27,225,000	-	430,000	26,795,000
2017 GO Refunding	2.50% - 5.00%	2036	27,070,000	-	2,125,000	24,945,000
2014 Series B	1.50% - 5.00%	2042	78,375,000	-	645,000	77,730,000
2014 Series C	3.5% - 5.0%	2044	92,650,000	-	715,000	91,935,000
2007 Series D	4.0% - 5.0%	2045	149,590,000	-	100,000	149,490,000
2020A Refunding	2.00%	2030	6,815,000	-	165,000	6,650,000
2020B Refunding	2.05-3.00%	2039	23,335,000	-	320,000	23,015,000
			$ 482,276,778	$ -	$ 11,456,429	$ 470,820,349

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 12,403,169	$ 25,830,610	$ 38,233,779
2026	11,939,929	27,795,225	39,735,154
2027	13,058,655	28,416,448	41,475,103
2028	13,854,446	28,738,696	42,593,142
2029	13,590,872	25,271,104	38,861,976
2030-2034	82,585,140	115,290,000	197,875,140
2035-2039	121,403,138	63,526,873	184,930,011
2040-2044	181,145,000	23,182,681	204,327,681
2045	20,840,000	416,800	21,256,800
	$ 470,820,349	$ 338,468,437	$ 809,288,786

(Continued)

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% to 5%.

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

In January 2014, the District issued 2014 General Obligation Refunding Bonds to refund a portion of the 2002 General Obligation Bonds, Series A and Series B and pay the costs of issuance. The Refunding Bonds of $38,535,000 mature through April 2024, with interest rates from 2.75% to 5.00%. The 2014 General Obligation Refunding Bonds were fully repaid during the year ended June 30, 2024.

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

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

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

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

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

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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

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

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

Lease Obligations: The District has entered into lease agreements for the acquisition of school busses and electronic equipment totaling $5,566,447. At June 30, 2024, the accumulated depreciation related to these assets totaled $5,566,447, and was fully repaid.

Year Ending June 30,	Principal	Interest	Total
2025	$ 12,403,169	$ 25,830,610	$ 38,233,779
2026	11,939,929	27,795,225	39,735,154
2027	13,058,655	28,416,448	41,475,103
2028	13,854,446	28,738,696	42,593,142
2029	13,590,872	25,271,104	38,861,976
2030-2034	82,585,140	115,290,000	197,875,140
2035-2039	121,403,138	63,526,873	184,930,011
2040-2044	181,145,000	23,182,681	204,327,681
2045	20,840,000	416,800	21,256,800
	$ 470,820,349	$ 338,468,437	$ 809,288,786

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2024 is shown below:

Governmental Activities:	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
Debt					
General Obligation Bonds	$ 482,276,778	$ -	$ 11,456,429	$ 470,820,349	$ 12,403,169
Unamortized premium	28,317,484	-	1,171,360	27,146,124	1,221,262
Accreted interest on General Obligation Bonds	69,230,087	6,422,690	7,948,571	67,704,206	8,511,832
Lease obligations	306,290	-	306,290	-	-
Other Long-Term Liabilities:					
Net OPEB liability (Note 9)	13,544,643	-	2,919,278	10,625,365	-
Net pension liability (Notes 7 and 8)	217,599,739	28,962,000	-	246,561,739	-
Compensated absences	1,453,782	33,675	-	1,487,457	1,487,457
Totals	$ 812,728,803	$ 35,418,365	$ 23,801,928	$ 824,345,240	$ 23,623,720

Business-Type Activities:	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
Net pension liability (Notes 7 and 8)	$ 4,569,261	$ 195,000	$ -	$ 4,764,261	$ -

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

(Continued)

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2024 consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest Redemption Fund	All Non-Major Funds	Total
Nonspendable:						
Revolving cash fund	$ 75,000	$ -	$ -	$ -	$ 10,000	$ 85,000
Prepaid expenditures	3,042,137	-	-	-	8,344	3,050,481
Subtotal nonspendable	3,117,137	-	-	-	18,344	3,135,481
Restricted:						
Legally restricted programs:						
Grants	48,453,174	-	-	-	-	48,453,174
Student activities	-	-	-	-	1,705,851	1,705,851
Charter school program	-	-	-	-	686,896	686,896
Adult education	-	-	-	-	1,194,882	1,194,882
Child development program	-	-	-	-	1,750,496	1,750,496
Cafeteria	-	-	-	-	9,260,244	9,260,244
Deferred maintenance	-	-	-	-	682,209	682,209
Pupil transportation	-	-	-	-	946,000	946,000
Capital projects	-	76,939,660	94,582,961	-	5,007,421	176,530,042
Debt service	-	-	-	34,780,027	-	34,780,027
Subtotal restricted	48,453,174	76,939,660	94,582,961	34,780,027	21,233,999	275,989,821
Committed:						
Cash w ith Fiscal Agent	6,074,045	-	-	-	-	6,074,045
Technology	1,585,469	-	-	-	-	1,585,469
Instructional materials	3,847,641	-	-	-	-	3,847,641
Medi-Cal billing	950,111	-	-	-	-	950,111
Athletics / PE	277,671	-	-	-	-	277,671
Supplemental funds	8,045,151	-	-	-	-	8,045,151
Career Technical Education	670,681	-	-	-	-	670,681
Compensated absences	1,487,457	-	-	-	-	1,487,457
Home to School Transportation	320,900	-	-	-	-	320,900
Subtotal committed	23,259,126	-	-	-	-	23,259,126
Assigned:						
Future district uncertainties	11,782,119	-	-	-	-	11,782,119
Subtotal assigned	11,782,119	-	-	-	-	11,782,119
Unassigned:						
Designated for economic uncertair	9,800,238	-	-	-	-	9,800,238
Total fund balances	$ 96,411,794	$ 76,939,660	$ 94,582,961	$ 34,780,027	$ 21,252,343	$ 323,966,785

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a full-time basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

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

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

(Continued)

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

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. 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. Under the CalSTRS Funding Plan, authority to adjust contribution rates annually within approved ranges was delegated to the Board of CalSTRS.

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 percent of applicable member earnings for fiscal year 2022-23.

Under CalSTRS 2% at 62, members pay 9% toward the normal cost and an additional 1.205 percent as per the CalSTRS Funding Plan for a total member contribution rate of 10.205 percent. The contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1% since the last time the member contribution rate was set. Based on the June 30, 2022, valuation adopted by the CalSTRS board in May 2023, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2023.

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% for a total rate of no higher than 20.25% and no lower than 8.25%. In May 2023, the CalSTRS board voted to keep the employer supplemental contribution rate at 10.85% for fiscal year 2023-24 for a total employer contribution rate of 19.10%.

The CalSTRS employer contribution rates effective for fiscal year 2023-24 through fiscal year 2046-47 are summarized in the table below:

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	Total
July 1, 2023	8.250%	10.850%	19.100%
July 1, 2024 to June 30, 2046	8.250%	(1)	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47	

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

(Continued)

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

The District contributed $25,568,561 to the plan for the fiscal year ended June 30, 2024.

State – The state is required to contribute 10.828 percent 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 up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In May 2023, the CalSTRS board voted to keep the state supplemental contribution rate at 6.311% for fiscal year 2022-23 for a total contribution rate of 10.828%.

The CalSTRS state contribution rates effective for fiscal year 2023-24 and beyond are summarized in the table below.

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding(1)	Total
July 01, 2023	2.017%	6.311%	2.50%	10.828%
July 01, 2024 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the $72 million that is reduced from the required contribution in accordance with Education Code section 22954.
(2) The CalSTRS board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

At June 30, 2024, 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	$ 145,246,000
State's proportionate share of the net pension liability associated with the District	69,592,000
Total	$ 214,838,000

The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2024, the District's proportion was .191 percent, which was an increase of .012 percent from its proportion as of June 30, 2023.

(Continued)

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

For the year ended June 30, 2024, the District recognized pension expense of $32,264,778 and revenue of $10,448,247 for support provided by the State. At June 30, 2024, 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	$ 11,414,000	$ 7,771,000
Changes of assumptions	841,000	-
Net differences between projected and actual earnings on investments	622,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	25,557,000	15,441,000
Contributions made subsequent to measurement date	25,568,561	-
Total	$ 64,002,561	$ 23,212,000

$25,568,561 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2025	$ (2,864,800)
2026	$ (6,830,800)
2027	$ 12,682,700
2028	$ 3,098,368
2029	$ 6,034,865
2030	$ 3,101,667

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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, 2022, and rolling forward the total pension liability to June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% purchasing power level for DB

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

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

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

(Continued)

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

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

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public Equity	38%	5.25%
Real Estate	15	4.05
Private Equity	14	6.75
Fixed Income	14	2.45
Risk Mitigating Strategies	10	2.25
Inflation Sensitive	7	3.65
Cash / Liquidity	2	(0.05)

* 20-year geometric average

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 243,639,000	$ 145,246,000	$ 63,519,000

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

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools' cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

(Continued)

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

The Plan was established to provide retirement, death and disability benefits to non-teaching and 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: https://www.calpers.ca.gov/docs/forms-publications/acfr-2023.pdf.

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

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

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

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2024 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2022-23.

Employers - The employer contribution rate was 26.68 percent of applicable member earnings.

The District contributed $15,702,297 to the plan for the fiscal year ended June 30, 2024.

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

At June 30, 2024 the District reported a liability of $106,080,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2024 the District's proportion was 0.293 percent, which was an increase of 0.01 percent from its proportion as of June 30, 2023.

(Continued)

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

For the year ended June 30, 2024, the District recognized pension expense of $19,381,988. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,871,000	$ 1,629,000
Changes of assumptions	4,887,000	-
Net differences between projected and actual earnings on investments	11,331,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,464,000	208,000
Contributions made subsequent to measurement date	15,702,297	-
Total	$ 42,255,297	$ 1,837,000

$15,702,297 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,	
2025	$ 7,689,167
2026	$ 7,077,167
2027	$ 9,597,166
2028	$ 352,500

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 3.8 years as of the June 30, 2023 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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, 2022 , and rolling forward the total pension liability to June 30, 2023. The actuarial valuation as of June 30, 2022, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
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, 2022 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 assumed asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset	Assumed Asset	Expected Real Rates of Return
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)

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 took into account 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 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) 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	$ 153,364,000	$ 106,080,000	$ 67,000,000

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)

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, 2024 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, 2024:

	Number of Participants
Inactive Plan members	95
Active employees	2,144
	2,239

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 $1,001,496 for the year ended June 30, 2024. Employees are not required to contribute to the OPEB plan.

(Continued)

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:

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

* Geometric average

Rolling periods of time for all asset classes in combination 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, 2023, 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, 2023
Fiscal Year End	June 30
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)

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, 2023	$ 21,089,272	$ 7,544,629	$ 13,544,643
Changes for the year:			
Service cost	1,403,458	-	1,403,458
Interest	1,056,921	794,355	262,566
Employer contributions	-	(1,018,015)	(1,018,015)
Differences between actual and expected experience	(1,622,616)	-	(1,622,616)
Changes in assumptions	(1,968,715)	-	(1,968,715)
Benefit payments	(1,018,015)	1,018,015	-
Administrative expenses	-	(24,044)	24,044
Net change	(2,148,967)	770,311	(2,919,278)
Balance at June 30, 2024	$ 18,940,305	$ 8,314,940	$ 10,625,365

There were no changes between the measurement date and the year ended June 30, 2024 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, 2024 is 43.9%.

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability	$ 11,862,959	$ 10,625,365	$ 9,467,392

(Continued)

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 (3.0%)	Healthcare Cost Trend Rates Rate (4.0%)	1% Increase (5.0%)
Net OPEB liability	$ 8,927,643	$ 10,625,365	$ 12,577,963

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the District recognized OPEB expense of $1,068,323. At June 30, 2024, 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	$ 260,891	$ 4,719,380
Changes of assumptions	-	6,498,282
Net differences between projected and actual earnings on investments	332,732	-
Benefits paid subsequent to measurement date	1,001,496	-
Total	$ 1,595,119	$ 11,217,662

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 June 30,	
2025	$ (1,039,470)
2026	(1,008,709)
2027	(841,064)
2028	(1,185,385)
2029	(1,101,840)
Thereafter	(5,447,571)

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, 2023 measurement date.

$1,001,496 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, 2024.

(Continued)

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, 2023 (the latest information available).

	SIA
Total assets	$ 223,071,864
Deferred outflows of resources	$ 4,747,151
Total liabilities	$ 106,527,925
Deferred inflows of resources	$ 1,649,206
Net position	$ 119,641,884
Total revenues	$ 86,229,305
Total expenses	$ 89,821,165

The relationship between Folsom Cordova Unified School District and each Joint Powers Authority is such that the Joint Powers Authority is not component units 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, 2024, the District has $9.8 million in outstanding commitments on construction contracts.

NOTE 12 – SUBSEQUENT EVENT

In July 2024, 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 2024, the District issued 2024 General Obligation Refunding Bonds, Series B, (School Facilities Improvement District No. 4, Forward Delivery) in the amount of $17,040,000. The proceeds were used to refund a portion of outstanding Election of 2014 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, 2024

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 156,675,242	$ 155,904,461	$ 156,005,844	$ 101,383
Local sources	78,062,538	86,691,730	86,590,347	(101,383)
Total LCFF	234,737,780	242,596,191	242,596,191	-
Federal sources	12,079,180	11,955,117	11,955,117	-
Other state sources	51,401,540	58,946,114	58,946,114	-
Other local sources	7,340,357	16,364,714	16,364,748	34
Total revenues	305,558,857	329,862,136	329,862,170	34
Expenditures:				
Current:				
Certificated salaries	127,198,303	137,471,660	137,471,660	-
Classified salaries	58,471,953	58,567,322	58,567,335	(13)
Employee benefits	78,974,031	75,489,222	75,348,077	141,145
Books and supplies	12,203,858	10,894,196	10,894,196	-
Contract services and operating expenditures	32,641,677	33,797,725	33,797,725	-
Other outgo	1,329,583	1,496,652	1,568,382	(71,730)
Capital outlay	4,534,875	5,223,507	5,223,507	-
Debt service:				
Principal retirement	-	-	306,290	(306,290)
Interest	-	-	10,676	(10,676)
Total expenditures	315,354,280	322,940,284	323,187,848	(247,564)
(Deficiency) excess of revenues (under) over expenditures	(9,795,423)	6,921,852	6,674,322	(247,530)
Other financing sources (uses):				
Transfers in	133,955	107,869	529,065	421,196
Transfers out	(950,000)	(3,908,015)	(3,908,015)	-
Total other financing uses	(816,045)	(3,800,146)	(3,378,950)	421,196
Net change in fund balance	(10,611,468)	3,121,706	3,295,372	173,666
Fund balance, July 1, 2023	93,116,422	93,116,422	93,116,422	-
Fund balance, June 30, 2024	$ 82,504,954	$ 96,238,128	$ 96,411,794	$ 173,666

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, 2024

Last 10 Fiscal Years

	2018	2019	2020	2021	2022	2023	2024
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
Interest	714,990	873,210	952,801	749,647	1,090,377	1,001,065	1,056,921
Differences between actual and expected experience	-	-	(3,204,357)	-	(1,095,598)	303,661	(1,622,616)
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)
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)
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
Total OPEB liability, end of year	$ 22,070,218	$ 24,222,206	$ 20,802,639	$ 20,753,256	$ 19,954,408	$ 21,089,272	$ 18,940,305
Plan Fiduciary Net Position							
Interest	$ -	$ -	$ -	$ 153,795	$ 1,220,273	$ (1,279,771)	$ 794,355
Employer contributions	-	-	-	8,810,318	1,430,882	1,535,758	(1,018,015)
Benefit payments	-	-	-	(1,310,318)	(1,430,882)	(1,535,758)	1,018,015
Administrative expenses	-	-	-	(1,566)	(23,240)	(24,862)	(24,044)
Change in plan fiduciary net position	-	-	-	7,652,229	1,197,033	(1,304,633)	770,311
Fiduciary trust net position - beginning of year	-	-	-	-	7,652,229	8,849,262	7,544,629
Fiduciary trust net position - end of year	$ -	$ -	$ -	$ 7,652,229	$ 8,849,262	$ 7,544,629	$ 8,314,940
Net OPEB liability - ending	$ 22,070,218	$ 24,222,206	$ 20,802,639	$ 13,101,027	$ 11,105,146	$ 13,544,643	$ 10,625,365
Covered employee payroll	$ 113,067,000	$116,176,000	$125,803,000	$136,668,000	$116,175,000	$119,370,000	$ 122,650,000
Total OPEB liability as a percentage of covered-employee payroll	19.52%	20.85%	16.54%	15.19%	17.18%	17.67%	15.44%

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

See accompanying notes to required supplementary information.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2024

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.171%	0.170%	0.178%	0.172%	0.185%	0.184%	0.170%	0.150%	0.179%	0.191%
District's proportionate share of the net pension liability	$100,071,000	$114,579,000	$143,862,000	$159,188,000	$169,605,000	$166,062,000	$165,220,000	$ 68,123,000	$124,696,000	$ 145,246,000
State's proportionate share of the net pension liability associated with the District	60,427,000	60,599,000	81,906,000	94,175,000	97,107,000	90,598,000	90,292,000	40,532,000	70,481,000	69,592,000
Total net pension liability	$160,498,000	$175,178,000	$225,768,000	$253,363,000	$266,712,000	$256,660,000	$255,512,000	$108,655,000	$195,177,000	$ 214,838,000
District's covered payroll	$ 76,273,000	$ 78,993,000	$ 88,645,000	$ 91,229,000	$ 99,069,000	$100,487,000	$ 93,594,000	$ 87,114,000	$104,076,000	$ 122,621,000
District's proportionate share the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	171.20%	165.26%	176.53%	78.20%	119.81%	118.45%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%

(Continued)

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the year ended June 30, 2024

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.246%	0.247%	0.252%	0.249%	0.255%	0.258%	0.254%	0.252%	0.283%	0.293%
District's proportionate share of the net pension liability	$ 27,891,000	$ 36,423,000	$ 49,779,000	$ 59,526,000	$ 68,116,000	$ 75,242,000	$ 78,076,000	$ 51,148,000	$ 97,473,000	$ 106,080,000
District's covered payroll	$ 27,356,000	$ 27,356,000	$ 30,238,000	$ 31,792,000	$ 34,238,000	$ 35,759,000	$ 36,639,000	$ 37,726,000	$ 43,417,000	$ 50,638,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.96%	133.14%	164.62%	187.24%	198.95%	210.41%	213.10%	135.58%	224.50%	209.49%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%	69.76%	69.96%

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.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 7,014,586	$ 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
Contributions in relation to the contractually required contribution	(7,014,586)	(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)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10% *	16.15%**	16.92%***	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)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 3,220,090	$ 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
Contributions in relation to the contractually required contribution	(3,220,090)	(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)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 27,356,000	$ 30,238,000	$ 31,792,000	$ 34,238,000	$ 35,759,000	$ 36,639,000	$ 37,726,000	$ 43,417,000	$ 50,638,000	$ 58,854,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	11.65%	19.72%	20.70%	23.61%	25.37%	26.68%

See accompanying notes to required supplementary information.

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, and 6.5 percent at the June 30, 2020, 2021, 2022, and 2023 measurement dates, respectively.

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

	Measurement Period								
Assumption	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Inflation rate	2.30%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	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:

	Measurement Period								
Assumption	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	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%	7.60%	7.60%
Wage growth	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, 2024

	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	Total
ASSETS										
Cash in County Treasury	$ -	$ 1,056,962	$ 881,854	$ 2,820,512	$ 6,534,046	$ 999,004	$ 400,000	$ 16,828	$ 4,271,821	$ 16,981,027
Cash in banks	1,705,851	-	4,542	-	3,698	-	-	-	166,415	1,880,506
Cash in revolving fund	-	10,000	-	-	-	-	-	-	-	10,000
Prepaid Expenditures	-	8,344	-	-	-	-	-	-	-	8,344
Receivables	-	32,682	353,278	65,606	3,015,483	16,542	-	10,109	657,495	4,151,195
Due from other funds	-	279,895	-	-	52,736	-	595,000	-	-	927,631
Total assets	$ 1,705,851	$ 1,387,883	$ 1,239,674	$ 2,886,118	$ 9,605,963	$ 1,015,546	$ 995,000	$ 26,937	$ 5,095,731	$ 23,958,703
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	$ -	$ 21,203	$ 29,943	$ 5,579	$ 135,384	$ 333,337	$ 49,000	$ -	$ 87,560	$ 662,006
Unearned revenue	-	144,227	-	1,106,377	18,574	-	-	-	-	1,269,178
Due to other funds	-	517,213	14,849	23,666	191,761	-	-	26,937	750	775,176
Total liabilities	-	682,643	44,792	1,135,622	345,719	333,337	49,000	26,937	88,310	2,706,360
Fund balances:										
Nonspendable	-	18,344	-	-	-	-	-	-	-	18,344
Restricted	1,705,851	686,896	1,194,882	1,750,496	9,260,244	682,209	946,000	-	5,007,421	21,233,999
Total fund balance	1,705,851	705,240	1,194,882	1,750,496	9,260,244	682,209	946,000	-	5,007,421	21,252,343
Total liabilities and fund balances	$ 1,705,851	$ 1,387,883	$ 1,239,674	$ 2,886,118	$ 9,605,963	$ 1,015,546	$ 995,000	$ 26,937	$ 5,095,731	$ 23,958,703

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, 2024

	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 Non-Major Bond Interest and Redemption Fund	Total
Revenues:											
LCFF:											
State apportionment	$ -	$ 1,082,829	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ 1,082,829
Local sources	-	638,840	-	-	-	650,566	-	-	-		1,289,406
Total LCFF	-	1,721,669	-	-	-	650,566	-	-	-		2,372,235
Federal sources	-	-	334,587	-	6,465,376	-	-	-	-		6,799,963
Other state sources	-	210,755	1,136,684	3,845,058	8,294,732	-	-	18,693,021	-		32,180,250
Other local sources	3,009,983	51,410	278,828	121,756	256,292	21,769	-	26,937	1,300,264		5,067,239
Total revenues	3,009,983	1,983,834	1,750,099	3,966,814	15,016,400	672,335	-	18,719,958	1,300,264		46,419,687
Expenditures:											
Current:											
Certificated salaries	-	785,376	741,978	116,519	-	-	-	-	-		1,643,873
Classified salaries	-	101,392	397,525	1,632,505	3,466,198	-	-	-	360,181		5,957,801
Employee benefits	-	338,400	372,772	719,908	1,269,105	-	-	-	119,859		2,820,044
Books and supplies	-	57,983	84,921	262,603	6,377,147	-	-	-	37,254		6,819,908
Contract services and operating expenditures	3,221,375	671,591	64,502	74,979	172,595	338,566	-	-	4,366		4,547,974
Capital outlay	-	-	-	14,108	568,287	1,286,142	2,012,015	-	309,345		4,189,897
Total expenditures	3,221,375	1,954,742	1,661,698	2,820,622	11,853,332	1,624,708	2,012,015	-	831,005		25,979,497
(Ddeficiency) Excess of revenues (under) over expenditures	(211,392)	29,092	88,401	1,146,192	3,163,068	(952,373)	(2,012,015)	18,719,958	469,259		20,440,190
Other financing sources (uses):											
Transfers in	-	-	-	-	-	950,000	2,958,015	-	-		3,908,015
Transfers out	-	(3,168)	(39,777)	(123,912)	(254,339)	-	-	(18,719,958)	-		(19,141,154)
Total other financing (uses) sources	-	(3,168)	(39,777)	(123,912)	(254,339)	950,000	2,958,015	(18,719,958)	-		(15,233,139)
Net change in fund balances	(211,392)	25,924	48,624	1,022,280	2,908,729	(2,373)	946,000	-	469,259		5,207,051
Fund balances, July 1, 2023	1,917,243	679,316	1,146,258	728,216	6,351,515	684,582	-	-	4,538,162	33,335,995	49,381,287
Adjustment- changes to and within the District	-	-	-	-	-	-	-	-	-	(33,335,995)	(33,335,995)
Fund balance, July 1, 2023 as adjusted	1,917,243	679,316	1,146,258	728,216	6,351,515	684,582	-	-	4,538,162	-	16,045,292
Fund balances, June 30, 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

See accompanying notes to required supplementary information.

	Second Period Report	Annual Report
DISTRICT		
Certificate Numbers	59AE8164	247DBF49
Elementary:		
Transitional Kindergarten through Third	5,830	5,865
Fourth through Sixth	4,470	4,488
Seventh and Eighth	3,020	3,024
Subtotal Elementary	13,320	13,377
Secondary:		
Ninth through Twelfth	6,543	6,521
District Totals	19,863	19,898
CHARTER SCHOOL		
Certificate Numbers	D58711C5	F6A4050E
Folsom Cordova Community Charter School (Nonclassroom Based):		
Transitional Kindergarten through Third	55	56
Fourth through Sixth	44	45
Seventh and Eighth	55	56
Charter School Total	154	157

See accompanying notes to required supplementary information.

SCHEDULE OF INSTRUCTIONAL TIME
For the year ended June 30, 2024

Grade Level	Statutory Minutes Requirement	2023-24 Actual Minutes Offered	Actual Number of Days Offered	Credited Days per Approved Form J-13A*	Number of Days Traditional Calendar	Status
DISTRICT						
Kindergarten	36,000	53,028	178	2	180	In Compliance
Grade 1	50,400	53,028	178	2	180	In Compliance
Grade 2	50,400	53,028	178	2	180	In Compliance
Grade 3	50,400	54,042	178	2	180	In Compliance
Grade 4	54,000	54,042	178	2	180	In Compliance
Grade 5	54,000	54,042	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	65,489	180	-	180	In Compliance
Grade 10	64,800	65,489	180	-	180	In Compliance
Grade 11	64,800	65,489	180	-	180	In Compliance
Grade 12	64,800	65,489	180	-	180	In Compliance

* Theodore Judah Elementary School has 180 days which included a J-13A Waiver of 2 days, which was approved by the California Department of Education on July 8, 2024. There was no deficiency of minutes as a result of the two day school closure.

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend- itures
	U.S. Department of Education - Passed through California Department of Education		
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	$ 4,170,521
84.173	Special Education: IDEA Preschool Grants Part B, Section 619 (Age 3-4-5)	13430	111,774
84.173A	Special Ed: IDEA Preschool Staff Development, Part B, Section 619	13431	1,080
84.173A	Special Education: Alternate Dispute Resolution, Part B, Sec 611	13007	14,807
84.027A	Special Education: IDEA Mental Health Services	15197	246,473
	Subtotal Special Education Cluster		4,544,655
	Adult Education Programs:		
84.002A	Adult Education: Adult Basic Education & ESL	14508	152,201
84.002	Adult Education: Adult Secondary Education	13978	105,949
84.002A	Adult Education: English Literacy & Civics Education Local Grant	14109	76,437
	Subtotal Adult Education Programs		334,587
	ESEA: Title I Programs		
84.010	ESEA: Title I, Part A, Basic Grants Low-Income and Neglected	14329	3,024,512
84.010	ESEA: ESSA School Improvements (CSI) Funding for LEA's	15438	287,805
	Subtotal ESEA: Title I Programs		3,312,317
	COVID-19 Education Stabilization Fund Programs:		
84.425	COVID-19 American Rescue Plan - Homeless Children & Youth (ARP HCY II)	15566	135,385
84.425	COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III)	15559	2,005,770
84.425U	COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III): Learning Loss	10155	732,527
84.425U	COVID-19 Expanded Learning Opportunties Grant: ESSER III State Reserve Learning Loss	15621	35,916
	Subtotal COVID-19 Education Stabilization Fund Programs		2,909,598

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Agriculture - Passed through California Department of Education		
	Title III Programs:		
84.365	ESSA: Title III, Immigrant Education Program	15146	$ 62,692
84.365	ESEA: Title III, English Learner Student Program	14346	226,749
	Subtotal Title III Programs		289,441
84.424	ESEA Title IV, Part A, Student Support and Academic Enrichment Grant Program	15396	285,802
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	312,018
84.048	Carl D.Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	167,201
	Total U.S. Department of Education		12,247,364
	United States Department of Agriculture - Passed through California Department of Education		
	Child Nutrition Cluster:		
10.555	Supply Chain Assistance (SCA) Funds	15655	493,243
10.555	Child Nutrition: School Programs: Child Nutrition Cluster	13390	5,492,933
	Subtotal Child Nutrition Cluster		5,986,176
10.558	Child Nutrition: Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	13666	345,669
10.579	Child Nutrition: NSLP Equipment Assistance Grants	14906	71,426
	Total U.S. Department of Agriculture		6,403,271
	Total Federal Programs		$ 18,650,635

See accompanying notes to required supplementary information.

	Bond Interest and Redemption Fund
June 30, 2024 Unaudited Actual Financial Reporting Ending Fund Balance:	$ 33,600,509
To correct debt issuance premiums recorded by the Sacramento County Treasurer	1,179,518
June 30, 2024 Audit Financial Statements Ending Fund Balance	$ 34,780,027

	Student Care Center Fund
June 30, 2024 Unaudited Actual Financial Reporting Ending Fund Balance:	$ 1,377,188
Allocation of deferred outflows, deferred inflows and net pension liability	(3,096,649)
June 30, 2024 Audit Financial Statements Ending Fund Balance	$ (1,719,461)

	General Fund
June 30, 2024 Unaudited Actual Financial Reporting Ending Fund Balance:	$ 96,238,127
Adjustment to originally submitted Unaudited Actuals	173,667
June 30, 2024 Audit Financial Statements Ending Fund Balance	$ 96,411,794

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

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the year ended June 30, 2024
(Unaudited)

	(Budgeted) 2025	2024	2023	2022
General Fund				
Revenues and other financing sources	$ 329,183,350	$ 330,391,235	$ 329,919,054	$ 284,572,259
Expenditures	350,882,029	323,187,848	300,688,142	274,341,443
Other uses and transfers out	2,299,225	3,908,015	1,878,385	1,287,240
Total outgo	353,181,254	327,095,863	302,566,527	275,628,683
Change in fund balance	$ (23,997,904)	$ 3,295,372	$ 27,352,527	$ 8,943,576
Ending fund balance	$ 72,413,890	$ 96,411,794	$ 93,116,422	$ 65,763,895
Available reserves	$ 10,595,438	$ 9,800,238	$ 9,064,401	$ 8,500,000
Designated for economic uncertainties	$ 10,595,438	$ 9,800,238	$ 9,064,401	$ 8,500,000
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as percentages of total outgo	3.00%	3.00%	3.00%	3.08%
All Funds				
Total long-term liabilities	$ 800,721,520	$ 824,345,240	$ 812,728,803	$ 721,857,914
Average daily attendance at P-2	20,579	19,863	19,134	18,844

The General Fund fund balance has increased by $39,591,475 over the past three years. The fiscal year 2024-2025 budget projects a decrease of $23,997,904. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out and other uses (total outgo). The District met this requirement.

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating deficit during the fiscal year 2024-2025.

Total long-term liabilities have increased by $102,487,326 over the past two years, primarily due to the pay down of debt.

Average daily attendance has increased by 1,019 over the past two years. An increase of 716 is projected for the 2024-2025 fiscal year.

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

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, 2024

	First 5 Sacramento
Revenues	
Other local sources	$ 241,165
Expenditures:	
Current:	
Classified salaries	146,123
Employee benefits	70,026
Books and supplies	11,275
Contract services and operating expenditures	3,509
Indirect costs	10,232
Total expenditures	241,165
Net change in fund balance	-
Fund balances, July 1, 2023	-
Fund balances, June 30, 2024	$ -

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

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2024-25 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, 2024, the District did not adopt such a program.

OTHER INFORMATION

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

Name	Office	Term Expires
Tim Hooey	President	2024
Jennifer Laret	Vice President	2026
David Reid	Clerk	2026
Chris Clark	Member	2024
Kara Lofthouse	Member	2026

ADMINISTRATION

Sarah Koligian, Ed.D.
Superintendent

Erik Swanson
Superintendent (Effective July 1, 2024)

Sean Martin
Assistant Superintendent, Business Services

Jim Huber, Ed. D
Assistant Superintendent, Educational Services

Don Ogdon
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 INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

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

Report on Compliance

Qualified 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 *2023-2024 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, 2024.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, 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, 2024.

Basis for Qualified Opinion on Compliance

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards and the *2023-2024 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.

Matters Giving Rise to Qualified Opinion on State Compliance

As described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001, and 2024-002, the District did not comply with requirements regarding Attendance and Unduplicated Local Control Funding Formula Pupil Counts, respectively. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

(Continued)

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.

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 *2023-2024 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 *2023-2024 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 *2023-2024 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:

2023-24 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	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

(Continued)

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
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
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 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.

(Continued)

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.

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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Folsom Cordova Unified School District's responses to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Folsom Cordova Unified School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 *2023-2024 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

Crowe LLP

Sacramento, California
December 11, 2024

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, 2024, 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 11, 2024.

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.

(Continued)

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 11, 2024

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 Each Major Federal Program

Opinion on Each 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 each of Folsom Cordova Unified School District major federal programs for the year ended June 30, 2024. Folsom Cordova Unified School District major federal programs are 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 each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each 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 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 11, 2024

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, 2024.

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, 2024.

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.

(Continued)

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

Crowe LLP

Sacramento, California
December 11, 2024

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.425, 84.425U	COVID-19 Education Stabilization Fund Programs
10.555	Child Nutrition: School Programs - Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2024-001 DEFICIENCY – ATTENDANCE REPORTING (10000)

Criteria: Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b) and Education Code Sections 44809 - Each LEA must develop and maintain accurate and adequate records to support attendance reported to the State.

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

Context: We performed the audit procedures enumerated in the State of California *2023-24 Guide Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The effect of this finding is an overstatement of 0.01 ADA.

Cause: The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact: The error is below 0.50 ADA, therefore there is no fiscal impact.

Repeat Finding: Yes. This is a repeat finding identified in the 2022-23 Audit Report as Finding 2023-001.

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

Views of Responsible Officials and Planned Corrective Action: The District will continue holding quarterly meetings for clerks overseeing attendance. These meetings will serve as an opportunity to reinforce best practices, identify any challenges, and provide guidance to ensure accuracy in the attendance process. Accurate attendance-taking will be a key agenda item at each of these meetings to ensure that all clerks have the necessary resources and support to maintain precise records.

In addition, the District recognizes the crucial role that our teaching staff plays in ensuring attendance is taken accurately each day. To this end, the District will work closely with the Folsom Cordova Educator's Association union to circulate a concise one-sheet document to all teachers, outlining the importance of accurate attendance-taking. This document will be distributed twice per school year to remind educators of their responsibilities and reinforce the critical role they play in supporting student success through accurate data entry.

Finally, the District will ensure that accurate attendance-taking is a key topic of discussion during every New Teacher Orientation. In collaboration with our Human Resources team, we will integrate this topic into the training sessions for new hires to establish the importance of correct attendance practices from the outset of their tenure with the district.

The District is confident that these initiatives will help us to continuously improve our attendance tracking and meet the expectations set forth by the state.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (Continued)

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

Criteria: Any student who meets the federal income eligibility criteria or is deemed to be categorically eligible for FRPM under the National School Lunch Program (NSLP) will be counted as FRPM-eligible. Except for directly certified and foster students identified through a statewide match, LEAs must submit the appropriate student program (SPRG) records to CALPADS in order for the students to be counted as FRPM-eligible. Authority cited: Section 14502.1, Education Code. Reference: Sections 14502.1, 14503, 2574(b)(3)(C), 44238.02(b)(3)(B), and 41020, Education Code.

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	3,696.00	704.00	3,503.00	7,903.00

Context: We performed the audit procedures enumerated in the *State of California 2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is out of compliance with state requirements for Unduplicated Local Control Funding Formula Pupil Counts.

Cause: The errors were the result of clerical errors in accounting for unduplicated pupil counts in the CALPADS reporting system.

Fiscal Impact: The District's funded Unduplicated Pupil Percentage for the 2023-24 school year was originally reported at 39.64% and the revised School District Unduplicated Pupil Percentage is reported at 37.94%; the fiscal impact is a reduction of LCFF revenues of approximately $253,372.

Repeat Finding: No.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (Continued)

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.

Views of Responsible Officials and Planned Corrective Actions: During the 2023-2024 enrollment process, the District implemented an updated system that included income verification forms alongside other improvements. To accommodate families during this transition, the District employed dual methods of data collection.

Given the timing of the implementation, certain cases required manual updates. For the first two students in question, their reduced eligibility status was determined based on previously documented eligibility. This approach was consistent with the understanding that prior eligibility data could be utilized in situations where forms were incomplete or unclear.

We respectfully disagree with the findings of three errors:

- First Two Students: These students were not mistakenly placed in reduced status. Their placement was aligned with documented past eligibility.
- Third Error: This was due to a manual entry error, which we acknowledge as an isolated incident.

Looking ahead, for the 2024-2025 school year, the District will exclusively use PowerSchool Enrollment with the income eligibility questionnaire fully integrated into the registration process. This streamlined approach will eliminate the need for dual data collection methods and minimize the potential for errors.
We are confident this enhanced process will ensure accurate and efficient determinations moving forward.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2023-001 DEFICIENCY – ATTENDANCE REPORTING (10000)

Condition: At Folsom Hills 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: Not implemented.

District Explanation if Not Implemented: See current year finding 2024-001.

2023-002 DEFICIENCY - KINDERGARTEN CONTINUATION (40000)

Condition: For one student who returned to kindergarten after the 2022-23 school year commenced, an agreement was not obtained from the student's guardian.

Recommendation: The District should ensure an agreement is maintained for each kindergarten pupil continuing in kindergarten for more than one year.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

2023-003 DEFICIENCY – SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Condition: The information contained in the SARC did not match the information in the Facility Inspection Tool (FIT) for Folsom High School.

Recommendation: The District should ensure the school accountability report cards are completed appropriately based on the information of the most recent Facility Inspection Tool.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

APPENDIX C

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF FOLSOM, THE CITY OF RANCHO CORDOVA AND SACRAMENTO COUNTY

The following information regarding the City of Folsom, the City of Rancho Cordova (the "Cities"), and Sacramento County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the Cities or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the School District, its Municipal Advisor or the Underwriter.

General

The City of Folsom. Incorporated in 1946, Folsom became a Charter City in 1990. It is located approximately 110 miles northeast of San Francisco and 20 miles east of the city of Sacramento and has an area of about 30 square miles. Folsom has a Council-Manager form of government, with five Council Members elected by districts to staggered four-year terms. Each year the Council Members select a mayor from among their members. Folsom has over fifty miles of trails, including popular biking and hiking Johnny Cash Trail, which includes several art sculpture installations.

The City of Rancho Cordova. Rancho Cordova is a General Law city that was incorporated in 2003. It is governed by five Council Members elected at-large to four-year terms, with one serving as Mayor each year under the Council-Manager form of government. It is located just east of the capital of the County, within the Sacramento Valley, and comprises 34.8 square miles. In 2010 and 2019, Rancho Cordova received the All-American City Award, which recognizes communities that use civic engagement, collaboration, inclusiveness and innovation to successfully address local issues.

Sacramento County. One of the original 27 counties in the State of California (the "State"), Sacramento County was incorporated in 1850, and the County's largest city became the State capital in 1854. With an area of approximately 994 square miles, the County is in the middle of the 400 mile long Central Valley, which is the State's primary agricultural region. The Board of Supervisors implements a charter form of government. Five members form the Board of Supervisors. They are elected on a non-partisan basis from supervisorial districts of the County to four-year terms. District boundaries are adjusted after every federal census to equalize district population. The County is home to Sacramento International Airport, as well as several important highways, nineteen major public and private colleges and universities, fifteen significant art and historic museums and is renowned for its farm to fork cuisine.

Population

The following table shows historical population figures for the Cities, the County and the State for the past 10 years.

POPULATION ESTIMATES
2015 through 2024
City of Folsom, City of Rancho Cordova, Sacramento County and State of California

Year[(1)]	City of Folsom	City of Rancho Cordova	Sacramento County	State of California
2015[(1)]	75,929	71,389	1,495,130	38,810,306
2016[(1)]	76,980	73,052	1,511,942	39,036,749
2017[(1)]	77,869	74,832	1,530,548	39,273,915
2018[(1)]	78,536	76,306	1,547,095	39,429,439
2019[(1)]	79,709	77,811	1,562,887	39,503,656
2020[(2)]	82,908	79,144	1,585,055	39,538,223
2021[(2)]	83,076	79,669	1,580,120	39,327,868
2022[(2)]	84,365	80,378	1,572,254	39,114,785
2023[(2)]	85,698	81,604	1,576,639	39,061,058
2024[(2)]	88,023	82,109	1,578,938	39,128,162

(1) As of January 1.
(2) As of May 1.
Source: 2015-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1. 2020-24 (2020 Demographic Research Unit Benchmark): California Department of Finance for May 1.

Income

The following table shows per capita personal income for the County, the State of California and the United States for the past 10 years.

PER CAPITA PERSONAL INCOME
2014 through 2023
Sacramento County, the State of California and the United States

Year	Sacramento County	State of California	United States
2014	$43,443	$50,617	$46,289
2015	45,839	53,816	48,062
2016	46,878	55,862	48,974
2017	48,274	58,214	51,006
2018	50,292	60,984	53,311
2019	52,551	64,219	55,567
2020	57,621	70,098	59,123
2021	61,752	76,882	64,460
2022	61,965	76,941	66,244
2023	65,104	81,255	69,810

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: February 20, 2015 – revised statistics for 2010-2019. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables list the principal employers located in the Cities and in the County.

PRINCIPAL EMPLOYERS
as of June 30, 2024
City of Folsom

Company	Description	Employees
Intel Corporation	Manufacturing: Industrial and Commercial Machinery and Computer Equipment	4,300
California State Prison	Public Administration: Justice, Public Order, and Safety	1,657
Folsom Cordova Unified School District	Educational Services	1,191
Folsom State Prison	Public Administration: Justice, Public Order, and Safety	974
Mercy Hospital of Folsom	Health Services	853
California ISO	Electric, Gas and Sanitary Services	716
City of Folsom	Public Administration	463
SAFE Credit Union	Finance: Depository Institutions	371
Costco Wholesale	Wholesale Trade-non-durable Goods	368
Folsom Lake College	Educational Services	310

Source: City of Folsom "Annual Comprehensive Financial Report" for Fiscal Year Ended June 30, 2024.

PRINCIPAL EMPLOYERS
as of June 30, 2024
City of Rancho Cordova

Company	Description	Employees
VSP Global	Insurance Agents, Brokers and Service	1,600
Franklin Templeton	Security and Commodity Brokers, Dealers, Exchanges and Services	1,200
Cordova Folsom Unified School District	Educational Services	1,017
Accentcare Home Health	Health Services	727
Health Net Federal Services	Health Services	700
The Permanente Medical Group	Health Services	559
Kaiser Foundation Hospitals	Health Services	497
Plexus Optix, Inc.	Health Services	428
Nidec Motor Corporation	Manufacturing: Industrial and Commercial Machinery and Computer Equipment	400
Automotive Importing Manufacturing Inc.	Manufacturing: Transportation Equipment	303

Source: City of Rancho Cordova "Annual Comprehensive Financial Report" for Fiscal Year Ended June 30, 2024.

PRINCIPAL EMPLOYERS
as of June 30, 2024

Sacramento County

Company	Description	Employees
UC Davis Health System	Health Services	16,075
Kaiser Permanente	Health Services	11,856
Sutter/California Health Services	Health Services	10,129
Dignity/Mercy Healthcare	Health Services	7,353
Intel Corporation	Manufacturing: Industrial and Commercial Machinery and Computer Equipment	4,300
Raley’s Inc./Bel-Air	Retail Trade: Food Stores	2,624
Siemens Mobility Inc.	Manufacturing: Transportation Equipment	2,500
Safeway	Retail Trade: Food Stores	1,874
Golden 1 Credit Union	Finance: Depository Institutions	1,679
Pacific Gas and Electric Co.	Electric, Gas and Sanitary Services	1,370

Source: Sacramento County “Annual Comprehensive Financial Report” for the Fiscal Year Ended June 30, 2024.

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Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2019 through 2023 for the Cities, the County, the State of California and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
2019 through 2023[1]
City of Folsom, City of Rancho Cordova, Sacramento County, the State of California and United States

Year and Area	Labor Force	Employment[2]	Unemployment	Unemployment Rate (%)[3]
2019				
City of Folsom	38,300	37,300	1,000	2.7
City of Rancho Cordova	35,300	33,900	1,300	3.8
Sacramento County	710,500	684,000	26,400	3.7
State of California	19,411,600	18,627,400	784,200	4.0
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Folsom	37,800	35,500	2,300	6.2
City of Rancho Cordova	35,500	32,200	3,300	9.3
Sacramento County	710,800	643,600	67,200	9.4
State of California	18,821,200	16,923,100	1,908,100	10.0
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Folsom	38,600	36,900	1,700	4.4
City of Rancho Cordova	36,000	33,500	2,500	7.0
Sacramento County	718,100	668,400	49,800	6.9
State of California	19,041,000	18,127,700	913,300	4.8
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Folsom	39,300	38,100	1,100	2.8
City of Rancho Cordova	36,100	34,600	1,400	4.0
Sacramento County	720,300	691,500	28,800	4.0
State of California	19,252,900	18,440,900	811,100	4.2
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Folsom	39,900	38,500	1,400	3.4
City of Rancho Cordova	36,600	35,000	1,600	4.3
Sacramento County	731,000	698,500	32,500	4.4
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Data not currently available.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2023 Benchmark.

Industry

The County is included in the Sacramento-Roseville-Arden Arcade Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for the past five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2019 through 2023
Sacramento County (Sacramento-Roseville-Arden-Arcade MSA)

Category	2019	2020	2021	2022	2023
Total Farm	8,700	8,300	9,000	8,600	9,100
Total Nonfarm	1,022,500	971,400	1,013,000	1,056,800	1,073,900
Total Private	781,100	736,200	772,800	809,900	817,600
Goods Producing	106,700	106,800	113,200	118,200	115,700
Mining and Logging	500	500	500	500	500
Construction	69,400	70,200	74,900	77,100	74,700
Manufacturing	36,800	36,100	37,700	40,600	40,500
Durable Goods	23,700	22,900	23,700	25,900	25,700
Nondurable Goods	13,100	13,200	14,100	14,700	14,900
Service Providing	915,800	864,700	899,800	938,500	958,200
Private Service Providing	674,400	629,400	659,600	691,700	701,900
Trade, Transportation and Utilities	161,300	155,900	165,000	169,500	169,200
Wholesale Trade	28,600	26,600	26,900	28,300	28,500
Retail Trade	100,500	95,100	100,600	100,300	99,000
Transportation, Warehousing and Utilities	32,200	34,300	37,500	40,800	41,600
Information	11,900	10,200	10,100	10,500	9,900
Financial Activities	52,500	51,700	51,800	51,800	49,000
Professional and Business Services	137,200	132,600	137,200	139,700	134,400
Private Education and Health Services	166,600	164,000	168,800	175,600	188,700
Leisure and Hospitality	109,600	83,900	93,600	108,700	112,500
Other Services	35,400	31,000	33,300	36,100	38,300
Government	241,400	235,300	240,200	246,800	256,300
Total, All Industries	1,031,200	979,800	1,021,900	1,065,400	1,083,000

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2023 Benchmark.

Commercial Activity

A summary of annual taxable sales for the Cities and the County for the last five years is shown in the following tables.

ANNUAL TAXABLE SALES
2020 through 2024
City of Folsom
(Dollars in Thousands)

Year	Total Retail and Food Services: Permits	Retail and Food Services: Taxable Transactions	Total All Outlets: Permits	Total All Outlets: Taxable Transactions
2020	1,652	$1,579,786	2,741	$1,795,390
2021	1,457	1,917,044	2,418	2,134,222
2022	1,523	2,009,991	2,546	2,253,326
2023	1,492	1,986,848	2,537	2,229,309
2024	1,477	2,010,376	2,537	2,230,862

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2020 through 2024
City of Rancho Cordova
(Dollars in Thousands)

Year	Total Retail and Food Services: Permits	Retail and Food Services: Taxable Transactions	Total All Outlets: Permits	Total All Outlets: Taxable Transactions
2020	1,512	$1,113,850	2,788	$1,701,471
2021	1,404	1,341,515	2,597	1,983,872
2022	1,429	1,390,475	2,682	2,171,810
2023	1,400	1,376,732	2,634	2,109,503
2024	1,420	1,373,400	2,692	2,029,116

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

ANNUAL TAXABLE SALES
2020 through 2024
Sacramento County
(Dollars in Thousands)

Year	Total Retail and Food Services: Permits	Retail and Food Services: Taxable Transactions	Total All Outlets: Permits	Total All Outlets: Taxable Transactions
2020	28,055	18,488,106	45,361	27,173,405
2021	25,936	23,795,032	42,482	33,918,019
2022	26,589	24,679,703	44,158	36,511,260
2023	25,913	24,289,157	43,252	35,778,876
2024	26,277	24,651,900	44,359	35,807,896

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the Cities and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2019 through 2023
City of Folsom
(Dollars in Thousands)

	2019	2020	2021	2022	2023
Valuation					
Residential	$238,133	$219,245	$356,926	$413,218	$526,803
Non-Residential	28,891	23,772	25,702	63,081	41,325
Total	$267,024	$243,017	$382,628	$476,299	$568,128
Units					
Single Family	505	568	967	861	860
Multiple Family	280	0	0	367	1,391
Total	785	568	967	1,228	2,251

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2019 through 2023
City of Rancho Cordova
(Dollars in Thousands)

	2019	2020	2021	2022	2023
Valuation					
Residential	$162,014	$172,093	$177,698	$211,548	$235,845
Non-Residential	28,069	65,599	76,212	61,185	91,299
Total	$190,083	$237,692	$253,910	$272,733	$327,144
Units					
Single Family	561	575	552	620	602
Multiple Family	0	0	0	149	331
Total	561	575	552	769	933

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2019 through 2023
Sacramento County
(Dollars in Thousands)

	2019	2020	2021	2022	2023
Valuation					
Residential	$1,666,799	$1,738,674	$1,910,412	$1,969,992	$2,177,513
Non-Residential	1,504,675	891,464	706,499	894,767	1,046,967
Total	$3,171,474	$2,630,138	$2,616,911	$2,864,759	$3,224,480
Units					
Single Family	3,981	3,588	4,205	3,832	4,181
Multiple Family	2,008	2,868	2,266	3,419	6,290
Total	5,989	6,456	6,471	7,251	10,471

Note: Totals may not add to sum due to rounding.
Source: Construction Industry Research Board.

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APPENDIX D

FORMS OF OPINIONS OF BOND COUNSEL

Upon issuance and delivery of the Measure R Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion with respect to the Measure R Bonds substantially in the following form

_______, 2025

Governing Board
Folsom Cordova Unified School District

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $___________ Folsom Cordova Unified (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure R) (School District School Facilities Improvement District No. 4 (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution adopted by the Board of Trustees of the Folsom Cordova Unified School District (the "School District") on March 6, 2025 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the School District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property within the Folsom Cordova Unified School District School Facilities Improvement District No. 4 subject to taxation by the School District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue

discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond.

6. The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which may be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the School District and others and are subject to the condition that the School District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Upon issuance and delivery of the Measure S Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion with respect to the Measure S Bonds substantially in the following form

________, 2025

Governing Board
Folsom Cordova Unified School District

Members of the Governing Board:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $___________ Folsom Cordova Unified (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure S) (School District School Facilities Improvement District No. 4 (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution adopted by the Board of Trustees of the Folsom Cordova Unified School District (the "School District") on March 6, 2025 (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the School District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property within the Folsom Cordova Unified School District School Facilities Improvement District No. 4 subject to taxation by the School District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original

issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond.

6. The amount by which a Bond Owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which may be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Bond Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bond Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the School District and others and are subject to the condition that the School District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Folsom Cordova Unified School District (the "School District") in connection with the issuance of the (i) Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure R) (School Facilities Improvement District No. 4) (the "Measure R Bonds"), and (ii) Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure S) (School Facilities Improvement District No. 4) (the "Measure S Bonds," and together with the Measure R Bonds, the "Bonds").

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to resolutions adopted by the Board of Education of the School District (such resolutions referred to collectively as the "Resolution").

The School District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the respective Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Keygent LLC, or any successor Dissemination Agent designated in writing by the School District (which may be the School District) and which has filed with the School District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Improvement District" means the Folsom Cordova Unified School District School Facilities Improvement District No. 4.

"Listed Events" shall mean any of the events listed in Section 5(a) and Section 5(b) of this Disclosure Certificate.

"Official Statement" shall mean the Official Statement, dated as of _______, 2025, relating to the offer and sale of the Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The School District shall, or shall cause the Dissemination Agent to, not later than nine months following the end of the School District's fiscal year (which shall be April 1 of each year, so long as the School District's fiscal year ends on June 30), commencing with the report for the 2024-25 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the School District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the School District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the School District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the School District). If the School District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the School District shall send a notice in a timely manner to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the School District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The School District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the School District for the preceding fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the School District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final

Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the School District and the Improvement District of the type included in the Official Statement in the following categories (to the extent not included in the School District's audited financial statements):

(i) the School District's approved annual budget for the then-current fiscal year;

(ii) the assessed value of taxable property in the Improvement District, as shown on the most recent equalized assessment roll,

(iii) only if the County no longer includes the tax levy for payment of such Bonds in its Teeter Plan, the property tax levies, collections and delinquencies for the Improvement District for the most recently completed fiscal year, and

(iv) the top ten property owners in the Improvement District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value;

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the School District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The School District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the School District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. the issuance by the Internal Revenue Service of adverse tax opinions, proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the School District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the School District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. bond calls.

4. unless described under Section 5(a)(5) above, other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the School District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the School District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the School District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the School District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the School District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The School District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the School District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the School District. Upon such resignation, the School District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the School District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the School District. The School District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the School District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the School District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the School District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The School District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the School District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the School District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the School District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: ______, 2025

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

By: ____

Assistant Superintendent, Business Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of School District:	Folsom Cordova Unified School District
Name of Bond Issues:	Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure R) (School Facilities Improvement District No. 4) Folsom Cordova Unified School District (Sacramento County, California) Election of 2024 General Obligation Bonds, Series A (Measure S) (School Facilities Improvement District No. 4)
Date of Issuance:	______, 2025

NOTICE IS HEREBY GIVEN that the School District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The School District anticipates that the Annual Report will be filed by _____________.

Dated:________________________

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

By ______[form only; no signature required]_________

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy or completeness thereof. The School District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distribution on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distribution to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

APPENDIX G

SACRAMENTO COUNTY INVESTMENT POOL

The following information concerning the Sacramento County Pooled Investment Fund (the "Treasury Pool") has been provided by the Sacramento County Department of Finance (the "Department of Finance"), and has not been confirmed or verified by the School District, the Municipal Advisor or the Underwriter. The School District, the Municipal Advisor and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Department of Finance, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the School District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Department of Finance at http://www.finance.saccounty.net/Treasury/*; however, the information presented on such website is not incorporated herein by any reference.*

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Department of Finance

CHAD RINDE, DIRECTOR OF FINANCE

POOLED INVESTMENT FUND

Monthly Review — March 2025

PORTFOLIO COMPLIANCE

Based on the Director of Finance Review Group Month-End Report, the entire portfolio was in ***full compliance*** with the Sacramento County Annual Investment Policy for the Pooled Investment Fund for Calendar Year 2025 and California Government Code.[1]

PORTFOLIO STATISTICS

Portfolio's Month-End Balance	$7,210,533,875
Earned Income Yield for the Month	***4.031%***
Weighted Average Maturity (Days)	359
Estimated Duration (Years)	0.900
Amortized Book Value	$7,216,804,172
Month-End Market Value	$7,227,011,671
Percent of Market to Book Value[2]	100.14%

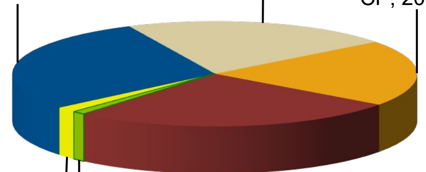
Investment Objectives

- ***Safety of Principal***
- ***Liquidity***
- ***Public Trust***
- ***Maximum Rate of Return***

External third-party Investment Manager(s) at month end:

Local Agency Investment Fund (LAIF)	$75,000,000

Percentage Portfolio Structure by Asset Class[3]



PORTFOLIO STRUCTURE[3]

Investment Description	Portfolio at Cost	Yield at Month End
US Agency, Treasury & Municipal Notes (USATM):		
US Agency Notes	*27.90%*	**3.821%**
US Treasury Notes	*0.70%*	**4.214%**
Municipal Notes	*0.53%*	**4.302%**
Total USATM	29.13%	**3.839%**
Supranationals (SUPRAS)	21.60%	**3.254%**
Commercial Paper (CP)	20.35%	**4.532%**
Certificates of Deposit (CD)	26.21%	**4.519%**
LAIF/Money Market Funds (MMF)	1.04%	**4.313%**
Bank Money Market (MMDA)	1.67%	**4.222%**
Repurchase Agreements (REPO)	0.00%	**0.000%**

US Agency Notes Breakdown Percent of Portfolio at Cost[3]	
FFCB Notes/Discount Notes	8.85%
FHLB Notes/Discount Notes	17.00%
FNMA Notes/Discount Notes	1.37%
FHLMC Notes/Discount Notes	0.68%
Total US Agency Notes	**27.90%**

[1] This monthly review complies with all of the elements required by California Government Code §53646(b), with the exception of a detailed listing of each investment. A complete copy of the *Quarterly Pooled Investment Fund Report*, including a detailed listing of each investment, is available on the Department of Finance, Investment Division Web page at https://finance.saccounty.gov/Investments/Pages/RptQuartly.aspx.

[2] Percent of market to book value is calculated using amortized book value. The GASB 31 fair value reported in the County's Annual Financial Report is calculated using the book value at purchase.

[3] Percentages may not add up to totals due to rounding

YIELD HISTORY

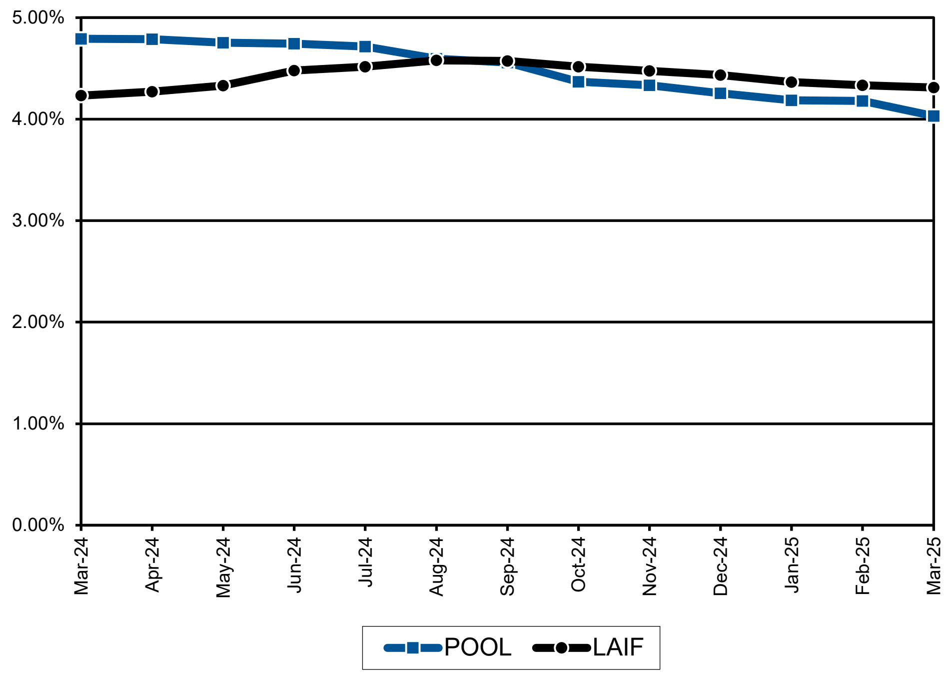
The earned income yield history represents gross yields; **costs have not been deducted**. The investment management costs in prior years and this year continue to be approximately 6 basis points or 0.06%. The quarterly apportionment of earnings to participating funds will be made on a **cash basis** (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

YIELD TRENDS[4]

Earned Income Yield History

MONTH	POOL	LAIF
Mar-24	4.79%	4.23%
Apr-24	4.73%	4.27%
May-24	4.75%	4.33%
Jun-24	4.74%	4.48%
Jul-24	4.71%	4.52%
Aug-24	4.60%	4.58%
Sep-24	4.56%	4.58%
Oct-24	4.37%	4.52%
Nov-24	4.33%	4.48%
Dec-24	4.25%	4.43%
Jan-25	4.19%	4.37%
Feb-25	4.18%	4.33%
Mar-25	4.03%	4.31%

Earned Income Yield Over Last 12 Months



CASH FLOW PROJECTION-

The Pooled Investment Fund cash requirements are based on a 14-month historical cash flow model. The model has been adjusted for expected non-reoccurring participant liquidity needs. This projection, updated on April 18, 2025, is sufficient to meet cash flow expenditures for the next six months.

Dollar amounts represented in millions

Month	Beginning Bank Balance	Maturities & Interest	Receipts	Disbursements	Difference	Less Investments Beyond 1 Year	Funds Available to Invest for Future Cash Flow Needs[5]
Apr	$20.0	$304.9	$1,627.1	$1,233.4	$698.6	$40.0	$658.6
May	$20.0	$1,115.9	$902.1	$1,394.3	$623.7	$40.0	$583.7
Jun	$20.0	$883.5	$1,117.0	$1,067.8	$932.7	$40.0	$892.7
Jul	$20.0	$1,080.3	$696.0	$1,648.8	$127.5	$40.0	$87.5
Aug	$20.0	$993.4	$838.4	$1,395.1	$436.7	$40.0	$396.7
Sep	$20.0	$665.2	$1,249.9	$1,083.2	$831.9	$40.0	$791.9

If you have any questions about the Pooled Investment Fund, please call Chief Investment Officer Bernard Santo Domingo at (916) 874-7320 or Investment Officer Dave Matuskey at (916) 874-4251.

[4] The earned income yield is the total net earnings divided by the average daily portfolio balance multiplied by 365 and then divided by the actual number of days in the month. The reported yield fluctuates based upon the number of days in the month, thus resulting in the anomaly of higher yields being reported for months with fewer days. February's yield is a prime example of such an anomaly.

[5] Any excess net cash flow amounts in this column will be used to fund the negative cash flow positions in later months.