PRELIMINARY OFFICIAL STATEMENT DATED JUNE 3, 2026

NEW ISSUE – FULL BOOK-ENTRY **RATINGS: See "RATINGS" 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 the caption "TAX MATTERS" herein with respect to tax consequences concerning the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)

$87,695,000*
2026 General Obligation Refunding Bonds, Series A
(School Facilities Improvement District No. 3)

$9,920,000*
2026 General Obligation Refunding Bonds, Series B
(School Facilities Improvement District No. 4)

$49,640,000*
2026 General Obligation Refunding Bonds, Series C
(School Facilities Improvement District No. 5)

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) 2026 General Obligation Refunding Bonds, Series A (School Facilities Improvement District No. 3) (the "Series A Refunding Bonds") are being issued by the Folsom Cordova Unified School District (the "School District") to (i) currently refund certain outstanding bonded indebtedness of the School District issued on behalf of the Folsom Cordova Unified School District School Facilities Improvement District No. 3 ("Improvement District No. 3"), and (ii) to pay the costs of issuance of the Series A Refunding Bonds. The Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series B (School Facilities Improvement District No. 4) (the "Series B Refunding Bonds"), are being issued by the School District to (i) currently refund certain outstanding bonded indebtedness of the School District issued on behalf of the Folsom Cordova Unified School District School Facilities Improvement District No. 4 ("Improvement District No. 4"), and (ii) to pay the costs of issuance of the Series B Refunding Bonds. The Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series C (School Facilities Improvement District No. 5) (the "Series C Refunding Bonds," and together with the Series A Refunding Bonds and the Series B Refunding Bonds, the "Bonds"), are being issued by the School District to (i) currently refund certain outstanding bonded indebtedness of the School District issued on behalf of the Folsom Cordova Unified School District School Facilities Improvement District No. 5 ("Improvement District No. 5," and together with Improvement District No. 3 and Improvement District No. 4, the "Improvement Districts"), and (ii) pay the costs of issuance of the Series C Refunding 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 is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within each 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 respective series of 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, 2026. 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 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 optional redemption prior to maturity as further described herein. *

For Maturity Schedules *
see inside cover pages

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*Pursuant to the terms of a public sale on ______, 2026, the Series A Refunding Bonds were awarded to ____________, as underwriter therefor, at a True-Interest Cost of ___%. Pursuant to the terms of a public sale on ______, 2026, the Series B Refunding Bonds were awarded to ____________, as underwriter therefor, at a True-Interest Cost of ____%. Pursuant to the terms of a public sale on ______, 2026, the Series C Refunding Bonds were awarded to ____________, as underwriter therefor, at a True-Interest Cost of ____%. The Bonds are being offered when, as and if issued and received by the respective underwriter thereof, 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 through the facilities of the Depository Trust Company in New York, New York, on or about July 7, 2026.**

The date of this Official Statement is ___________, 2026.

* Preliminary, subject to change.

MATURITY SCHEDULES*

(1 of 3)

$87,695,000*
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2026 General Obligation Refunding Bonds, Series A
(School Facilities Improvement District No. 3)

Base CUSIP†:

$____________ Serial Bonds

Maturity October 1	Principal Amount	Interest Rate	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, 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 and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the 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 Bonds.

MATURITY SCHEDULES*

(2 of 3)

$9,920,000*
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2026 General Obligation Refunding Bonds, Series B
(School Facilities Improvement District No. 4)

Base CUSIP†:

$____________ Serial Bonds

Maturity October 1	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

* Preliminary, subject to change.

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MATURITY SCHEDULES*

(3 of 3)

$49,640,000*
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)
2026 General Obligation Refunding Bonds, Series C
(School Facilities Improvement District No. 5)

Base CUSIP†:

$____________ Serial Bonds

Maturity October 1	Principal Amount	Interest Rate	Yield	CUSIP† Suffix

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* Preliminary, subject to change.

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FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

PROFESSIONAL SERVICES

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

ESCROW AGENT

U.S. Bank Trust Company, National Association
San Francisco, California

VERIFICATION AGENT

Causey Public Finance LLC
Denver, Colorado

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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 Districts 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 Districts.

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 Districts 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 Districts or the School District since the date hereof.

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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FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
(Sacramento County, California)

$87,695,000*
2026 General Obligation Refunding Bonds,
Series A
(School Facilities Improvement District No. 3)

$9,920,000*
2026 General Obligation Refunding Bonds,
Series B
(School Facilities Improvement District No. 4)

$49,640,000*
2026 General Obligation Refunding Bonds,
Series C
(School Facilities Improvement District No. 5)

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) 2026 General Obligation Refunding Bonds, Series A (School Facilities Improvement District No. 3) (the "Series A Refunding Bonds"), (ii) Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series B (School Facilities Improvement District No. 4) (the "Series B Refunding Bonds"), and (iii) Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series C (School Facilities Improvement District No. 5) (the "Series C Refunding Bonds" and together with the Series A Refunding Bonds and the Series B Refunding 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 3027 preschool programs at 16 sites, transitional kindergarten programs at 17 21 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 an estimated fiscal year 2025-26 enrollment of 22,309 students and an average daily attendance ("ADA") of 21,005 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 DISTRICTS' TAX BASES" for additional information regarding the assessed valuation of property within the Improvement Districts (as defined herein). The School District's audited financial statements for the fiscal year ended June 30, 2025 are attached hereto as APPENDIX D and should be read in their entirety.

The Improvement Districts

Folsom Cordova Unified School District School Facilities Improvement District No. 3 ("Improvement District No. 3") 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. Improvement District No. 3 encompasses approximately 52.6 square miles, representing approximately 54.8% of the territory of the School District. Improvement District No. 3 has a fiscal year 2025-26 total assessed valuation of $6,346,293,065. See "THE IMPROVEMENT DISTRICTS – Improvement District No. 3" herein and "APPENDIX A – BOUNDARY MAP OF IMPROVEMENT DISTRICT NO. 3" attached hereto.

Folsom Cordova Unified School District School Facilities Improvement District No. 4 ("Improvement District No. 4") 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. Improvement District No. 4 encompasses approximately 18.3 square miles, representing approximately 19.1% of the territory of the School District. Improvement District No. 4 has a fiscal year 2025-26 total assessed valuation of $8,028,293,135. See "THE IMPROVEMENT DISTRICTS – Improvement District No. 4" herein and "APPENDIX B – BOUNDARY MAP OF IMPROVEMENT DISTRICT NO. 4" attached hereto.

Folsom Cordova Unified School District School Facilities Improvement District No. 5 ("Improvement District No. 5") is located in the northeastern portion of the School District, and includes a portion of the City of Folsom and adjacent unincorporated territory of the School District. Improvement District No. 5 encompasses approximately 25 square miles, representing approximately 26% of the territory of the School District. Improvement District No. 5 has a fiscal year 2025-26 total assessed valuation of $17,868,831,978. See "THE IMPROVEMENT DISTRICTS – Improvement District No. 5" herein and "APPENDIX C – BOUNDARY MAP OF IMPROVEMENT DISTRICT NO. 5" attached hereto.

Improvement District No. 3, Improvement District No. 4, and Improvement District No. 5 are together referred to herein as the "Improvement Districts," and each may be referred to individually herein as an "Improvement District."

Sources of Payment for the Bonds

The Series A Refunding 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 Improvement District No. 3 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 Series A Refunding Bonds when due.

The Series B Refunding 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* property taxes, without limitation as to rate or amount, upon all property within Improvement District No. 4 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 Series B Refunding Bonds when due.

The Series C Refunding 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* property taxes, without limitation as to rate or amount, upon all property within Improvement District No. 5 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 Series C Refunding Bonds when due.

See also generally "THE BONDS – Security and Sources of Payment" and "IMPROVEMENT DISTRICTS' TAX BASES" herein.

Purpose of Issue

The Series A Refunding Bonds are being issued by the School District to (i) currently refund certain outstanding Folsom Cordova Unified School District (School Facilities Improvement District No. 3) (Sacramento County, California) Election of 2007 General Obligation Bonds, Series C and Folsom Cordova Unified School District (School Facilities Improvement District No. 3) (Sacramento County, California) Election of 2007 General Obligation Bonds, Series D (collectively, the "Prior Improvement District No. 3 Bonds"), and (ii) pay the costs of issuing the Series A Refunding Bonds.

The Series B Refunding Bonds are being issued by the School District to (i) currently refund certain outstanding Folsom Cordova Unified School District (School Facilities Improvement District No. 4) (Sacramento County, California) Election of 2012 General Obligation Bonds, Series C (the "Prior Improvement District No. 4 Bonds"), and (ii) pay the costs of issuing the Series B Refunding Bonds.

The Series C Refunding Bonds are being issued by the School District to (i) currently refund certain outstanding Folsom Cordova Unified School District (Sacramento County, California) Election of 2014 General Obligation Bonds, Series B (School Facilities Improvement District No. 5) (the "Prior Improvement District No. 5 Bonds," and together with the Prior Improvement District No. 3 Bonds and the Prior Improvement District No. 4 Bonds, the "Prior Bonds"), and (ii) pay the costs of issuing the Series C Refunding 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 H – 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 F) 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 redemption prior to the stated maturity dates, as further described herein. See "THE BONDS– Redemption" herein.

Payments. The Bonds will be dated as of the 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, 2026 (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 H – 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.

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 July 7, 2026.

* Preliminary, subject to change.

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 Underwriters (as defined herein) of the Bonds 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 G – 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. Causey Public Finance LLC, Denver, Colorado, is acting as Verification Agent (as defined herein) for the Bonds. U.S. Bank Trust Company, National Association, San Francisco, California is acting as escrow agent (the "Escrow Agent") with respect to the Prior 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.

No dealer, broker, salesperson or other person has been authorized by the School District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the School District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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, 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 Districts 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 Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code and other applicable law and pursuant to resolutions relating to each series of the Bonds adopted by the Board on April 16, 2026 (the "Resolutions").

Security and Sources of Payment

The Series A Refunding 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 Improvement District No. 3 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 Series A Refunding Bonds when due.

The Series B Refunding 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 Improvement District No. 4 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 Series B Refunding Bonds when due.

The Series C Refunding 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* property taxes, without limitation as to rate or amount, upon all property within Improvement District No. 5 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 Series C Refunding 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) 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 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 respective Improvement Districts 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 respective Improvement Districts and the amount of debt service due on the related series of 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 each 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 an Improvement District and could necessitate a corresponding increase in the annual tax rate in such Improvement District. For further information regarding the Improvement Districts' respective assessed valuations, tax rates, overlapping debt, and other matters concerning taxation, see "IMPROVEMENT DISTRICTS' TAX BASES" 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, 2026. 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, 2026, 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 15th 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 H – 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 Improvement Districts or the Underwriters (as defined herein) of the Bonds have 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 H – BOOK-ENTRY ONLY SYSTEM" attached hereto.

Redemption

Optional Redemption. [*] The Series A Refunding Bonds maturing on or before October 1, 20__, are not subject to redemption prior to their respective maturity dates. The Series A Refunding Bonds maturing on or after October 1, 20__, 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, 20__, at a redemption price equal to the principal amount of the Series A Refunding Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

The Series B Refunding Bonds maturing on or before October 1, 20__, are not subject to redemption prior to their respective maturity dates. The Series B Refunding Bonds maturing on or after October 1, 20__, 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, 20__, at a redemption price equal to the principal amount of the Series B Refunding Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

The Series C Refunding Bonds maturing on or before October 1, 20__, are not subject to redemption prior to their respective maturity dates. The Series C Refunding Bonds maturing on or after October 1, 20__, 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, 20__, at a redemption price equal to the principal amount of the Series C Refunding Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

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

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[*] Preliminary, subject to change.

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 St, Brooklyn, NY 11220.

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 (which with respect to any outstanding Bonds means the principal amount thereof) 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	**Series A Refunding Bonds**	**Series B Refunding Bonds**	**Series C Refunding Bonds**
Principal Amount of Bonds			
Original Issue Premium			
Total Sources			
Uses of Funds			
Escrow Fund			
Costs of Issuance[1]			
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, Escrow Agent and Verification Agent.

DEBT SERVICE SCHEDULES

Series A Refunding Bonds

The following table shows the debt service schedule with respect to the Series A Refunding Bonds, as well as the outstanding debt service with respect to bonds previously issued on behalf of Improvement District No. 3 (assuming no further optional redemptions):

Series A Refunding Bonds

Period Ending October 1	Prior Outstanding Bonds*(1)	Annual Principal Payment(2)	Annual Interest Payment(2)	Total Annual Debt Service
2026	$2,004,843.75			
2027	4,359,687.50			
2028	4,357,187.50			
2029	4,813,937.50			
2030	4,976,487.50			
2031	5,230,837.50			
2032	5,122,987.50			
2033	5,766,937.50			
2034	5,582,637.50			
2035	12,287,137.50			
2036	13,203,887.50			
2037	14,134,462.50			
2038	15,092,331.26			
2039	16,063,762.50			
2040	17,050,950.00			
2041	18,065,900.00			
Total	$148,113,975.01			

* Preliminary, subject to change.

(1) Includes debt service on the Prior Improvement District No. 3 Bonds expected to be refinanced with proceeds of the Series A Refunding Bonds.

(2) Interest payments will be made semiannually on April 1 and October 1 of each year, commencing October 1, 2026. Principal payable on October 1 of each year.

Series B Refunding Bonds

The following table shows the debt service schedule with respect to the Series B Refunding Bonds, as well as the outstanding debt service with respect to bonds previously issued on behalf of Improvement District No. 4 (assuming no further optional redemptions):

Series B Refunding Bonds

Period Ending October 1	Prior Outstanding Bonds*(1)	Annual Principal Payment(2)	Annual Interest Payment(2)	Total Annual Debt Service
2026	$273,125.00			
2027	786,250.00			
2028	794,250.00			
2029	786,250.00			
2030	793,000.00			
2031	793,750.00			
2032	798,750.00			
2033	807,750.00			
2034	810,500.00			
2035	812,250.00			
2036	808,000.00			
2037	813,000.00			
2038	811,750.00			
2039	809,500.00			
2040	801,250.00			
2041	6,242,250.00			
Total	$17,741,625.00			

* Preliminary, subject to change.
(1) Includes debt service on the Prior Improvement District No. 4 Bonds expected to be refinanced with proceeds of the Series B Refunding Bonds.
(2) Interest payments will be made semiannually on April 1 and October 1 of each year, commencing October 1, 2026. Principal payable on October 1 of each year.

Series C Refunding Bonds

The following table shows the debt service schedule with respect to the Series C Refunding Bonds, as well as the outstanding debt service with respect to bonds previously issued on behalf of Improvement District No. 5 (assuming no further optional redemptions):

Series C Refunding Bonds

Period Ending October 1	Prior Outstanding Bonds*(1)	Annual Principal Payment(2)	Annual Interest Payment(2)	Total Annual Debt Service
2026	$1,295,900.00			
2027	4,051,800.00			
2028	4,188,800.00			
2029	4,330,300.00			
2030	4,475,550.00			
2031	4,628,800.00			
2032	4,779,050.00			
2033	4,940,800.00			
2034	5,102,800.00			
2035	6,669,300.00			
2036	5,449,300.00			
2037	5,632,800.00			
2038	5,822,050.00			
2039	6,016,987.50			
2040	6,219,925.00			
2041	8,089,800.00			
Total	$81,693,962.50			

* Preliminary, subject to change.
(1) Includes debt service on the Prior Improvement District No. 5 Bonds expected to be refinanced with proceeds of the Series C Refunding Bonds.
(2) Interest payments will be made semiannually on April 1 and October 1 of each year, commencing October 1, 2026. Principal payable on October 1 of each year.

APPLICATION OF PROCEEDS OF THE BONDS

Refunded Bonds

The Bonds are being issued by the School District to (i) refund of the Prior Bonds (so refunded, the "Refunded Bonds"), and (ii) pay the costs of issuing the Bonds. The following tables show information on the specific maturities of the Refunded Bonds.

**REFUNDED BONDS*
Folsom Cordova Unified School District
(Sacramento County, California)
Election of 2007 General Obligation Bonds, Series C
(School Facilities Improvement District No. 3)**

Maturity (October 1)	CUSIP†	Initial Principal Amount	Principal Amount to be Refunded	Redemption Date	Redemption Price (% of Par Amount)
2027	34440KCQ3	$350,000.00	$350,000.00	October 1, 2026	100%
2028	34440KCQ3	365,000.00	365,000.00	October 1, 2026	100
2029	34440KCQ3	385,000.00	385,000.00	October 1, 2026	100
2030	34440KCQ3	405,000.00	405,000.00	October 1, 2026	100
2031	34440KCQ3	425,000.00	425,000.00	October 1, 2026	100
2032	34440KCQ3	445,000.00	445,000.00	October 1, 2026	100
2033	34440KCQ3	470,000.00	470,000.00	October 1, 2026	100
2034	34440KCQ3	490,000.00	490,000.00	October 1, 2026	100
2035	34440KCR1	500,000.00	500,000.00	October 1, 2026	100
2036	34440KCR1	530,000.00	530,000.00	October 1, 2026	100
2037	34440KCS9	745,000.00	745,000.00	October 1, 2026	100
2038	34440KCS9	775,000.00	775,000.00	October 1, 2026	100
2039	34440KCS9	810,000.00	810,000.00	October 1, 2026	100
2040	34440KCS9	840,000.00	840,000.00	October 1, 2026	100
2041	34440KCS9	880,000.00	880,000.00	October 1, 2026	100

**REFUNDED BONDS*
Folsom Cordova Unified School District
(Sacramento County, California)
Election of 2007 General Obligation Bonds, Series D
(School Facilities Improvement District No. 3)**

Maturity (October 1)	CUSIP†	Initial Principal Amount	Principal Amount to be Refunded	Redemption Date	Redemption Price (% of Par Amount)
2029	34440PBH3	$455,000.00	$455,000.00	October 1, 2026	100%
2030	34440PBJ9	635,000.00	635,000.00	October 1, 2026	100
2031	34440PBK6	915,000.00	915,000.00	October 1, 2026	100
2032	34440PBL4	845,000.00	845,000.00	October 1, 2026	100
2033	34440PBM2	1,520,000.00	1,520,000.00	October 1, 2026	100
2034	34440PBN0	1,400,000.00	1,400,000.00	October 1, 2026	100
2035	34440PBP5	8,175,000.00	8,175,000.00	October 1, 2026	100
2036	34440PBQ3	9,415,000.00	9,415,000.00	October 1, 2026	100
2037	34440PBR1	10,535,000.00	10,535,000.00	October 1, 2026	100
2038	34440PBS9	11,915,000.00	11,915,000.00	October 1, 2026	100
2039	34440PBT7	13,360,000.00	13,360,000.00	October 1, 2026	100
2040	34440PBU4	14,885,000.00	14,885,000.00	October 1, 2026	100
2041	34440PBY6	16,490,000.00	16,490,000.00	October 1, 2026	100

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ 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, the Municipal Advisor or 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.

REFUNDED BONDS*
Folsom Cordova Unified School District
(Sacramento County, California)
Election of 2012 General Obligation Bonds, Series C
(School Facilities Improvement District No. 4)

Maturity (October 1)	CUSIP†	Initial Principal Amount	Principal Amount to be to be Refunded	Redemption Date	Redemption Price (% of Par Amount)
2027	34440TEC3	$240,000.00	$240,000.00	October 1, 2026	100%
2028	34440TEC3	260,000.00	260,000.00	October 1, 2026	100
2029	34440TED1	265,000.00	265,000.00	October 1, 2026	100
2030	34440TED1	285,000.00	285,000.00	October 1, 2026	100
2031	34440TEE9	300,000.00	300,000.00	October 1, 2026	100
2032	34440TEE9	320,000.00	320,000.00	October 1, 2026	100
2033	34440TEF6	345,000.00	345,000.00	October 1, 2026	100
2034	34440TEF6	365,000.00	365,000.00	October 1, 2026	100
2035	34440TEG4	385,000.00	385,000.00	October 1, 2026	100
2036	34440TEG4	400,000.00	400,000.00	October 1, 2026	100
2037	34440TEH2	425,000.00	425,000.00	October 1, 2026	100
2038	34440TEH2	445,000.00	445,000.00	October 1, 2026	100
2039	34440TEH2	465,000.00	465,000.00	October 1, 2026	100
2040	34440TEH2	480,000.00	480,000.00	October 1, 2026	100
2041	34440TEH2	5,945,000.00	5,945,000.00	October 1, 2026	100

REFUNDED BONDS*
Folsom Cordova Unified School District
(Sacramento County, California)
Election of 2014 General Obligation Bonds, Series B
(School Facilities Improvement District No. 5)

Maturity (October 1)	CUSIP†	Initial Principal Amount	Principal Amount to be to be Refunded	Redemption Date	Redemption Price (% of Par Amount)
2027	34440VBE7	$1,460,000.00	$1,460,000.00	October 1, 2026	100%
2028	34440VBF4	1,670,000.00	1,670,000.00	October 1, 2026	100
2029	34440VBG2	1,895,000.00	1,895,000.00	October 1, 2026	100
2030	34440VBH0	2,135,000.00	2,135,000.00	October 1, 2026	100
2031	34440VBJ6	2,395,000.00	2,395,000.00	October 1, 2026	100
2032	34440VBK3	2,665,000.00	2,665,000.00	October 1, 2026	100
2033	34440VBL1	2,960,000.00	2,960,000.00	October 1, 2026	100
2034	34440VBM9	3,270,000.00	3,270,000.00	October 1, 2026	100
2035	34440VBN7	5,000,000.00	5,000,000.00	October 1, 2026	100
2036	34440VBP2	4,030,000.00	4,030,000.00	October 1, 2026	100
2037	34440VBR8	4,415,000.00	4,415,000.00	October 1, 2026	100
2038	34440VBY6	4,825,000.00	4,825,000.00	October 1, 2026	100
2039	34440VBY6	5,225,000.00	5,225,000.00	October 1, 2026	100
2040	34440VBY6	5,650,000.00	5,650,000.00	October 1, 2026	100
2041	34440VBY6	7,760,000.00	7,760,000.00	October 1, 2026	100

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* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ 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, the Municipal Advisor or 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.

Escrow Fund

The net proceeds from the sale of the Bonds will be paid to U.S. Bank Trust Company, National Association, acting as the Escrow Agent, to the credit of the "Folsom Cordova Unified School District 2026 General Obligation Refunding Bonds Escrow Fund" (the "Escrow Fund") held pursuant to an escrow agreement, by and between the School District and the Escrow Agent.

Amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or obligations unconditionally guaranteed as to payment by the United States of America (collectively, the "Federal Securities"), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay (i) the principal and redemption premium (if any) due on the Refunded Bonds on the first optional redemption date therefor, as and (ii) the interest on the Refunded Bonds due on such redemption date.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Refunded Bonds as described above, will be verified by Causey Public Finance LLC (the "Verification Agent"). As a result of the deposit and application of the net proceeds of the Bonds, as described above, and assuming the accuracy of the calculations of the Verification Agent, the Refunded Bonds will be defeased, the obligation of the County to levy *ad valorem* property taxes for the payment thereof will terminate, and owners of the Refunded Bonds may look only towards monies and securities on deposit in the Escrow Fund for the payment thereof. See also "LEGAL MATTERS – Escrow Verification" herein.

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 "Debt Service Funds," or individually a "Debt Service Fund"), 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 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 applicable 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 Escrow Fund will be invested as described above. Moneys in the Debt Service Funds will be invested through the County's Pooled Investment Fund. See "APPENDIX I – SACRAMENTO COUNTY INVESTMENT POOL" attached hereto.

IMPROVEMENT DISTRICTS' TAX BASES

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

Ad Valorem Property Taxation

Property taxes within each 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 each 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 Valuations

Improvement District No. 3. The table below shows the assessed valuation of property within Improvement District No. 3 from fiscal year 2016-17 through fiscal year 2025-26, each as of the date the equalized assessment roll is established in August of each year.

ASSESSED VALUATION
Fiscal Years 2016-17 through 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 3

	Local Secured	Utility	Unsecured	Total	Annual % Change
2016-17	$1,455,786,149	$11,995,025	$203,933,415	$1,671,714,589	--
2017-18	1,445,425,664	12,532,160	245,101,343	1,703,059,167	1.87%
2018-19	1,640,119,418	15,162,518	253,248,989	1,908,530,925	12.06
2019-20	1,877,035,403	15,668,705	279,304,064	2,172,008,172	13.81
2020-21	2,156,597,318	16,345,874	296,961,767	2,469,904,959	13.72
2021-22	2,582,871,688	--	280,942,514	2,863,814,202	15.95
2022-23	3,280,211,184	--	320,491,275	3,600,702,459	25.73
2023-24	4,279,337,092	--	348,770,062	4,628,107,154	28.53
2024-25	5,098,668,975	--	383,750,792	5,482,419,767	18.46
2025-26	5,956,181,151	--	390,111,914	6,346,293,065	15.76

Source: California Municipal Statistics, Inc. (except percent change).

Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in Improvement District No. 3 by jurisdiction, in terms of its fiscal year 2025-26 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 3

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Folsom	$3,723,256,209	58.67%	$21,933,310,312	16.98%
City of Rancho Cordova	2,098,130,001	33.06	14,706,817,034	14.27
Unincorporated Sacramento County	524,906,855	8.27	86,188,180,150	0.61
Total District	$6,346,293,065	100.00%		
Sacramento County	$6,346,293,065	100.00%	$245,276,863,601	2.59%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Home. The following table shows the distribution of single family homes within Improvement District No. 3 among various fiscal year 2025-26 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within Improvement District No. 3.

ASSESSED VALUATION PER PARCEL OF SINGLE-FAMILY HOMES
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 3

	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	4,870	$3,651,969,344	$749,891	$720,907

2025-26 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	48	0.986%	0.986%	$1,600,631	0.044%	0.044%
$100,000 - $199,999	63	1.294	2.279	9,127,361	0.250	0.294
$200,000 - $299,999	84	1.725	4.004	21,188,654	0.580	0.874
$300,000 - $399,999	75	1.540	5.544	26,804,025	0.734	1.608
$400,000 - $499,999	297	6.099	11.643	136,550,671	3.739	5.347
$500,000 - $599,999	569	11.684	23.326	315,025,940	8.626	13.973
$600,000 - $699,999	1,062	21.807	45.133	691,163,416	18.926	32.899
$700,000 - $799,999	1,028	21.109	66.242	768,246,215	21.036	53.935
$800,000 - $899,999	644	13.224	79.466	544,174,292	14.901	68.836
$900,000 - $999,999	359	7.372	86.838	339,050,751	9.284	78.120
$1,000,000 - $1,099,999	204	4.189	91.027	212,929,009	5.831	83.951
$1,100,000 - $1,199,999	114	2.341	93.368	131,141,894	3.591	87.542
$1,200,000 - $1,299,999	105	2.156	95.524	131,426,387	3.599	91.141
$1,300,000 - $1,399,999	91	1.869	97.392	122,642,244	3.358	94.499
$1,400,000 - $1,499,999	48	0.986	98.378	69,867,185	1.913	96.412
$1,500,000 - $1,599,999	46	0.945	99.322	70,757,561	1.938	98.350
$1,600,000 - $1,699,999	18	0.370	99.692	29,671,055	0.812	99.162
$1,700,000 - $1,799,999	5	0.103	99.795	8,693,274	0.238	99.400
$1,800,000 - $1,899,999	3	0.062	99.856	5,498,025	0.151	99.551
$1,900,000 - $1,999,999	3	0.062	99.918	5,844,070	0.160	99.711
$2,000,000 and greater	4	0.082	100.000	10,566,684	0.289	100.000
	4,870	100.000%		$3,651,969,344	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 Improvement District No. 3 by principal use, as measured by assessed valuation and parcels in fiscal year 2025-26.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 3

	2025-26 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Rural/Undeveloped	$103,645,167	1.74%	88	1.13%
Commercial	205,328,861	3.45	51	0.65
Vacant Commercial	69,219,104	1.16	58	0.74
Professional/Office	51,932,377	0.87	15	0.19
Industrial	1,208,459,162	20.29	558	7.16
Vacant Industrial	68,370,866	1.15	121	1.55
Recreational	19,683,557	0.33	14	0.18
Government/Social/Institutional	--	--	17	0.22
Miscellaneous	11,079,550	0.19	518	6.64
Subtotal Non-Residential	$1,737,718,644	29.18%	1,440	18.47%
Residential:				
Single Family Residence	$3,651,969,344	61.31%	4,870	62.47%
Mobile Home	102,210	--	11	0.14
Mobile Home Park	3,095,754	0.05	1	0.01
Hotel/Motel	72,381,725	1.22	8	0.10
2-4 Residential Units	1,084,652	0.02	1	0.01
5+ Residential Units/Apartments	166,267,059	2.79	5	0.06
Vacant Residential	323,561,763	5.43	1,460	18.73
Subtotal Residential	$4,218,462,507	70.82%	6,356	81.53%
Total	$5,956,181,151	100.00%	7,796	100.00%

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

Improvement District No. 4. The table below shows the assessed valuation of property within Improvement District No. 4 from fiscal year 2016-17 through fiscal year 2025-26, each as of the date the equalized assessment roll is established in August of each year.

ASSESSED VALUATION
Fiscal Years 2016-17 through 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

	Local Secured	Utility	Unsecured	Total	Annual % Change
2016-17	$4,731,261,872	$152,593	$415,293,746	$5,146,708,211	--
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	6,374,045,049	--	406,106,932	6,780,151,981	4.26
2022-23	6,736,030,208	--	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
2025-26	7,541,052,487	233,160	487,007,488	8,028,293,135	4.27

Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in Improvement District No. 4 by jurisdiction, in terms of its fiscal year 2025-26 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

Jurisdiction:	Assessed Valuation in SFID	% of SFID	Assessed Valuation of Jurisdiction	% of Jurisdiction in SFID
City of Rancho Cordova	$7,071,518,764	88.08%	$14,706,817,034	48.08%
Unincorporated Sacramento County	956,774,371	11.92	86,188,180,150	1.11
Total District	$8,028,293,135	100.00%		
Sacramento County	$8,028,293,135	100.00%	$245,276,863,601	3.27%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Home. The following table shows the distribution of single family homes within Improvement District No. 4 among various fiscal year 2025-26 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within Improvement District No. 4.

ASSESSED VALUATION PER PARCEL OF SINGLE-FAMILY HOMES
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	12,942	$4,159,982,585	$321,433	$314,416

2025-26 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	34	0.263%	0.263%	$1,193,658	0.029%	0.029%
$50,000 - $99,999	891	6.885	7.147	67,203,885	1.615	1.644
$100,000 - $149,999	963	7.441	14.588	122,408,257	2.943	4.587
$150,000 - $199,999	1,389	10.732	25.321	243,412,868	5.851	10.438
$200,000 - $249,999	1,449	11.196	36.517	325,130,545	7.816	18.254
$250,000 - $299,999	1,346	10.400	46.917	368,923,467	8.868	27.122
$300,000 - $349,999	1,377	10.640	57.557	447,459,941	10.756	37.878
$350,000 - $399,999	1,403	10.841	68.397	526,802,925	12.664	50.542
$400,000 - $449,999	1,409	10.887	79.285	597,983,533	14.375	64.917
$450,000 - $499,999	1,078	8.329	87.614	510,654,097	12.275	77.192
$500,000 - $549,999	722	5.579	93.193	378,126,471	9.090	86.282
$550,000 - $599,999	391	3.021	96.214	223,470,878	5.372	91.654
$600,000 - $649,999	209	1.615	97.829	130,048,603	3.126	94.780
$650,000 - $699,999	116	0.896	98.725	77,854,215	1.872	96.651
$700,000 - $749,999	67	0.518	99.243	48,334,430	1.162	97.813
$750,000 - $799,999	45	0.348	99.590	34,866,888	0.838	98.651
$800,000 - $849,999	20	0.155	99.745	16,482,649	0.396	99.047
$850,000 - $899,999	7	0.054	99.799	6,166,155	0.148	99.196
$900,000 - $949,999	5	0.039	99.838	4,629,913	0.111	99.307
$950,000 - $999,999	5	0.039	99.876	4,849,198	0.117	99.424
$1,000,000 and greater	16	0.124	100.000	23,980,009	0.576	100.000
	12,942	100.000%		$4,159,982,585	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 Improvement District No. 4 by principal use, as measured by assessed valuation and parcels in fiscal year 2025-26.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

	2025-26 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial	$653,971,086	8.67%	242	1.54%
Vacant Commercial	38,581,254	0.51	68	0.43
Professional/Office	1,133,521,190	15.03	212	1.35
Industrial	364,414,851	4.83	177	1.13
Vacant Industrial	37,108,350	0.49	76	0.48
Recreational	18,442,103	0.24	23	0.15
Government/Social/Institutional	10,260,429	0.14	74	0.47
Miscellaneous	5,135,641	0.07	393	2.50
Subtotal Non-Residential	$2,261,434,904	29.99%	1,265	8.06%
Residential:				
Single Family Residence	$4,159,982,585	55.16%	12,942	82.42%
Condominium Unit	109,451,423	1.45	613	3.90
Mobile Home	156,764	0.00	7	0.04
Mobile Home Park	945,418	0.01	2	0.01
Hotel/Motel	134,626,201	1.79	14	0.09
2-4 Residential Units	182,673,935	2.42	593	3.78
5+ Residential Units/Apartments	669,611,735	8.88	111	0.71
Vacant Residential	22,169,522	0.29	156	0.99
Subtotal Residential	$5,279,617,583	70.01%	14,438	91.94%
Total	$7,541,052,487	100.00%	15,703	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Improvement District No. 5. The table below shows the assessed valuation of property within Improvement District No. 5 from fiscal year 2016-17 through fiscal year 2025-26, each as of the date the equalized assessment roll is established in August of each year.

ASSESSED VALUATION
Fiscal Years 2016-17 through 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 5

	Local Secured	Utility	Unsecured	Total	Annual % Change
2016-17	$11,532,556,905	$137,013	$299,367,324	$11,832,061,242	--
2017-18	12,185,808,009	137,013	269,606,393	12,455,551,415	5.27%
2018-19	12,930,212,657	137,013	298,552,493	13,228,902,163	6.21
2019-20	13,647,872,618	153,450	299,496,972	13,947,523,040	5.43
2020-21	14,367,872,618	153,450	304,802,598	14,672,204,040	5.20
2021-22	14,987,953,166	--	285,839,649	15,273,792,815	4.10
2022-23	15,638,483,525	--	387,425,181	16,025,908,706	4.92
2023-24	16,367,914,740	154,000	444,862,075	16,812,930,815	4.91
2024-25	16,883,408,337	154,000	363,145,728	17,246,708,065	2.58
2025-26	17,511,865,465	154,000	356,812,513	17,868,831,978	3.61

Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction. The following table below shows an analysis of the distribution of taxable property in Improvement District No. 5 by jurisdiction, in terms of its fiscal year 2025-26 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 5

Jurisdiction:	Assessed Valuation in SFID	% of SFID	Assessed Valuation of Jurisdiction	% of Jurisdiction in SFID
City of Folsom	$17,865,259,348	99.98%	$21,933,310,312	81.45%
Unincorporated Sacramento County	3,572,630	0.02	86,188,180,150	--
Total District	$17,868,831,978	100.00%		
Sacramento County	$17,868,831,978	100.00%	$245,276,863,601	7.29%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Home. The following table shows the distribution of single family homes within Improvement District No. 5 among various fiscal year 2025-26 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within Improvement District No. 5.

ASSESSED VALUATION PER PARCEL OF SINGLE-FAMILY HOMES
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 5

	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	20,403	$11,813,041,483	$578,986	$547,654

2025-26 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	60	0.294%	0.294%	$2,158,832	0.018%	0.018%
$50,000 - $99,999	178	0.872	1.166	12,898,234	0.109	0.127
$100,000 - $149,999	161	0.789	1.956	20,590,528	0.174	0.302
$150,000 - $199,999	240	1.176	3.132	42,458,446	0.359	0.661
$200,000 - $249,999	555	2.720	5.852	126,920,037	1.074	1.736
$250,000 - $299,999	982	4.813	10.665	272,477,922	2.307	4.042
$300,000 - $349,999	1,248	6.117	16.782	406,779,314	3.443	7.486
$350,000 - $399,999	1,444	7.077	23.859	541,727,068	4.586	12.071
$400,000 - $449,999	1,678	8.224	32.084	713,350,527	6.039	18.110
$450,000 - $499,999	1,835	8.994	41.077	873,346,802	7.393	25.503
$500,000 - $549,999	1,893	9.278	50.355	994,344,403	8.417	33.921
$550,000 - $599,999	1,920	9.410	59.766	1,102,691,204	9.335	43.255
$600,000 - $649,999	1,609	7.886	67.652	1,005,477,111	8.512	51.767
$650,000 - $699,999	1,472	7.215	74.866	992,235,685	8.399	60.166
$700,000 - $749,999	1,191	5.837	80.704	862,084,856	7.298	67.464
$750,000 - $799,999	888	4.352	85.056	686,790,660	5.814	73.278
$800,000 - $849,999	704	3.450	88.507	580,677,153	4.916	78.193
$850,000 - $899,999	527	2.583	91.090	460,609,162	3.899	82.092
$900,000 - $949,999	397	1.946	93.035	366,702,791	3.104	85.197
$950,000 - $999,999	284	1.392	94.427	277,250,035	2.347	87.544
$1,000,000 and greater	1,137	5.573	100.000	1,471,470,713	12.456	100.000
	20,403	100.000%		$11,813,041,483	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 Improvement District No. 5 by principal use, as measured by assessed valuation and parcels in fiscal year 2025-26.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 5

Non-Residential:	2025-26 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Commercial	$1,674,513,472	9.56%	399	1.62%
Vacant Commercial	59,386,577	0.34	64	0.26
Office Building	1,614,688,090	9.22	304	1.23
Industrial	249,715,235	1.43	45	0.18
Vacant Industrial	1,037,431	0.01	12	0.05
Recreational	111,295,734	0.64	28	0.11
Government/Social/Institutional	9,394,883	0.05	107	0.43
Miscellaneous	960,869	0.01	1,059	4.30
Subtotal Non-Residential	$3,720,992,291	21.25%	2,018	8.19%
Residential:				
Single Family Residence	$11,813,041,483	67.46%	20,403	82.80%
Condominium/Townhouse	392,376,934	2.24	1,122	4.55
Mobile Home	10,655,344	0.06	289	1.17
Mobile Home Park	25,054,974	0.14	10	0.04
Hotel/Motel	116,906,371	0.67	9	0.04
2-4 Residential Units	116,047,389	0.66	242	0.98
5+ Residential Units/Apartments	1,248,744,219	7.13	57	0.23
Vacant Residential	68,046,460	0.39	491	1.99
Subtotal Residential	$13,790,873,174	78.75%	22,623	91.81%
Total	$17,511,865,465	100.00%	24,641	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 Districts. 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 related series of 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 Districts, including the assessed valuation of the top taxpayers within the Improvement Districts, or the ability of taxpayers within the Improvement Districts 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 Districts, or more generally the region's economy.

Droughts; Floods. California has experienced cyclical severe drought conditions over the past several years. According to the U.S. Drought Monitor, as of May 26, 2026, 52.30% of the County is experiencing abnormally dry conditions. 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 Districts.

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.

Portions of Improvement District No. 3 and Improvement District No. 5 are adjacent to areas which the State Department of Forestry and Fire Protection has designated as a moderate-high fire hazard severity zone. Mapping of the areas, referred to as Fire Hazard Severity Zones (FHSZ), is based on data and models of potential fuels over a 30-50 year time horizon and their associated expected fire behavior, and expected burn probabilities to quantify the likelihood and nature of vegetation fire exposure (including firebrands) to new construction. More information regarding Fire Hazard Severity Zones, including the most recent

Fire Hazard Severity Zone Maps, can be found at the California Department of Forestry and Fire Protection website at https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/fire-hazard-severity-zones, though such website is not incorporated herein by reference.

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 Districts. 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, the future will not significantly reduce the assessed valuation of property within the Improvement Districts.

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 Districts.

Tax Levies, Collections and Delinquencies

The table on the following page show secured *ad valorem* property taxes for the payment of bonded indebtedness issued on behalf of each of the Improvement Districts, and amounts delinquent as of June 30, for fiscal years 2015-16 through 2024-25.

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SECURED TAX CHARGES AND DELINQUENCIES – IMPROVEMENT DISTRICTS
Fiscal Years 2015-16 through 2024-25
Folsom Cordova Unified School District

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent as of June 30	Percent Delinquent June 30
	Improvement District No. 3		
2015-16	$1,511,331	$19,060	1.26%
2016-17	1,844,893	7,254	0.39
2017-18	2,733,878	12,033	0.44
2018-19	2,397,961	16,454	0.69
2019-20	2,589,121	19,625	0.76
2020-21	4,479,725	56,266	1.26
2021-22	9,969,156	42,600	0.43
2022-23	9,065,895	63,280	0.70
2023-24	8,805,789	118,469	1.35
2024-25	10,067,136	96,968	0.96
	Improvement District No. 4		
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
2024-25	7,576,853	86,760	1.15
	Improvement District No. 5		
2015-16	$6,190,906	$22,848	0.37%
2016-17	7,336,892	28,633	0.39
2017-18	874,498	3,535	0.40
2018-19	7,489,245	31,798	0.42
2019-20	7,358,794	29,236	0.40
2020-21	7,761,217	29,364	0.38
2021-22	8,162,020	30,759	0.38
2022-23	8,249,776	48,367	0.59
2023-24	8,440,160	47,538	0.56
2024-25	8,672,009	47,395	0.55

(1) SFID's general obligation bond debt service.
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 pandemic or natural or manmade disaster. 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 respective Improvement Districts sufficient to pay the related series of Bonds when due.

Tax Rates

The tables on the following pages 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 each Improvement District during the period from fiscal year 2021-22 to fiscal year 2025-26.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES
Fiscal Years 2021-22 through 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 3

TRA 4-035 (within City of Folsom)[(1)]

	2021-22	2022-23	2023-24	2024-25	2025-26
General Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0249	.0226	.0192	.0200	.0208
Folsom Cordova Unified School District SFID No. 2	.0247	.0217	.0206	.0179	.0188
Folsom Cordova Unified School District SFID No. 3	.3881	.2758	.2063	.1970	.1765
Sacramento Metropolitan Fire District	.0000	.0000	.0000	.0000	.0098
Total	1.4377%	1.3201%	1.2461%	1.2349%	1.2259%

TRA 8-080 (within City of Rancho Cordova) and TRA 52-075 (Unincorporated Sacramento County)[(2)]

	2021-22	2022-23	2023-24	2024-25	2025-26
General Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0249	.0226	.0192	.0200	.0208
Folsom Cordova Unified School District SFID No. 1	.0399	.0456	.0381	.0402	.0386
Folsom Cordova Unified School District SFID No. 3	.3881	.2758	.2063	.1970	.1765
Sacramento Metropolitan Fire District	.0000	.0000	.0000	.0000	.0098
Total	1.4529%	1.3440%	1.2636%	1.2572%	1.2457%

(1) TRA 4-035 has a fiscal year 2025-26 assessed valuation of $1,903,342,971, and represents 29.99% of the total assessed valuation of Improvement District No. 3 for such fiscal year.

(2) TRA 8-080 has a fiscal year 2025-26 assessed valuation of $411,952,331, and represents 6.49% of the total assessed valuation of Improvement District No. 3 for such fiscal year. TRA 52-075 has a fiscal year 2025-26 assessed valuation of $163,120,657, and represents 2.57% of the total assessed valuation of Improvement District No. 3 for such fiscal year.

Source: California Municipal Statistics, Inc.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES
Fiscal Years 2021-22 through 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

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

	2021-22	2022-23	2023-24	2024-25	2025-26
General Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0249	.0226	.0192	.0200	.0208
Folsom Cordova Unified School District SFID No. 1	.0399	.0456	.0381	.0402	.0386
Folsom Cordova Unified School District SFID No. 4	.1100	.1061	.1074	.1044	.2765
Sacramento Metropolitan Fire District	.0000	.0000	.0000	.0000	.0098
Total	1.1748%	1.1743%	1.1647%	1.1646%	1.3457%

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

	2021-22	2022-23	2023-24	2024-25	2025-26
General Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0249	.0226	.0192	.0200	.0208
Folsom Cordova Unified School District SFID No. 1	.0399	.0456	.0381	.0402	.0386
Folsom Cordova Unified School District SFID No. 4	.1100	.1061	.1074	.1044	.2765
Sacramento Metropolitan Fire District	.0000	.0000	.0000	.0000	.0098
Total	1.1748%	1.1743%	1.1647%	1.1646%	1.3457%

(1) TRA 8-076 has a fiscal year 2025-26 assessed valuation of $2,175,983,884, and represents 27.10% of the total assessed valuation of Improvement District No. 4 for such fiscal year.
(2) TRA 52-074 has a fiscal year 2025-26 assessed valuation of $589,973,223, and represents 7.35% of the total assessed valuation of Improvement District No. 4 for such fiscal year.
Source: California Municipal Statistics, Inc.

SUMMARY OF *AD VALOREM* PROPERTY TAX RATES
Fiscal Year 2021-22 through 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 5

TRAs 4-000 and 4-021 (within the City of Folsom)[(1)]

	2021-22	2022-23	2023-24	2024-25	2025-26
General Countywide	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
Los Rios Community College District	.0249	.0226	.0192	.0200	.0208
Folsom Cordova Unified School District SFID No. 2	.0247	.0217	.0206	.0179	.0188
Folsom Cordova Unified School District SFID No. 5	.0548	.0530	.0519	.0517	.0511
Total	1.1044%	1.0973%	1.0917%	1.0896%	1.0907%

(1) TRA 4-000 has a fiscal year 2025-26 assessed valuation of $5,065,087,270, and represents 28.35% of the total assessed valuation of Improvement District No. 5 for such fiscal year. TRA 4-021 has a fiscal year 2025-26 assessed valuation of $6,201,279,785, and represents 34.7% of the total assessed valuation of Improvement District No. 5 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 either of the Improvement Districts, 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 tables on the following pages present information on the largest property taxpayers within each 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 tables on the following page.

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Improvement District No. 3. The following table shows the 20 largest property taxpayers in Improvement District No. 3, as determined by secured assessed valuation in fiscal year 2025-26.

LARGEST LOCAL SECURED PROPERTY TAXPAYERS
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 3

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total[1]
1.	Aerojet Rocketdyne Inc.	Industrial	$162,928,705	2.74%
2.	Toll West Inc.	Residential Land	106,387,032	1.79
3.	Trader Joes Company	Industrial	85,197,625	1.43
4.	Alder Creek West Improvement Company LLC	Residential Land	83,654,739	1.40
5.	CRP/VDH Folsom Ranch Owner LLC	Apartments	74,571,342	1.25
6.	Elliott Homes Inc.	Residential Development	69,216,789	1.16
7.	Oakmont Props Oak Brook LLC	Apartments	68,097,959	1.14
8.	Amazon.com Services LLC	Industrial	64,074,601	1.08
9.	NP BGO Rancho Cordova Logistic Center	Industrial	39,071,270	0.66
10.	D. Benevenuti Holdings LLC	Industrial	35,344,942	0.59
11.	Alta Vista LLC	Residential Land	35,185,685	0.59
12.	Teledyne Wireless Inc.	Industrial	33,572,774	0.56
13.	TPG AG EHC III (LEN) CA 1 L.P.	Residential Development	32,883,055	0.55
14.	KB Home Sacramento Inc.	Residential Development	28,870,481	0.48
15.	HV-Houston Development Inc.	Apartments	27,568,279	0.46
16.	Costco Wholesale Corporation	Commercial	27,458,610	0.46
17.	Ethan Conrad	Commercial	27,414,499	0.46
18.	Browning Ferris /Allied Waste Inc.	Industrial	24,219,311	0.41
19.	BMH Rancho Cordova LLC	Apartments	23,597,758	0.40
20.	Dignity Health	Commercial Land	22,872,185	0.38
			$1,072,187,641	18.00%

[1] 2025-26 Local Secured Assessed Valuation: $5,956,181,151
Source: California Municipal Statistics, Inc.

Improvement District No. 4 The following table shows the 20 largest property taxpayers in Improvement District No. 4, as determined by secured assessed valuation in fiscal year 2025-26.

LARGEST LOCAL SECURED PROPERTY TAXPAYERS
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 4

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total[1]
1.	Franklin Resources Inc.	Office Building	$82,402,095	1.09%
2.	Ethan Conrad	Office Building	79,770,054	1.06
3.	Karlin Cap Center LLC	Office Building	75,363,414	1.00
4.	Raintree Realty II LLC	Office Building	66,741,476	0.89
5.	Oakmont Properties BDX I LLC	Apartments	64,142,343	0.85
6.	TC Avion I LLC/JSP Avion LLC/CG Avion LLC	Apartments	58,992,561	0.78
7.	Chesapeake Apts Holdings LLC	Apartments	51,318,008	0.68
8.	Sacramento CA III SGF LLC	Office Building	48,438,837	0.64
9.	Cordova LLC	Office Building	48,436,260	0.64
10.	CEGM Rancho Cordova LLC	Office Building	46,104,265	0.61
11.	Bishops Court I & II	Apartments	44,947,126	0.60
12.	SIR Properties REIT LLC	Industrial	37,485,696	0.50
13.	Pacific Castle Rancho LLC	Commercial	34,489,251	0.46
14.	Stone Creek Village Apartments LLC	Apartments	31,902,716	0.42
15.	Koreana Development Associates LLC	Commercial	30,926,316	0.41
16.	Rainier DC Assets LLC	Industrial	30,244,426	0.40
17.	Sequoia Equities-Fairways	Apartments	27,578,869	0.37
18.	Rancho Cordova CA I SGF LLC	Office Building	27,559,880	0.37
19.	VSP Holding Company Inc.	Office Building	27,515,764	0.36
20.	Lowes HIW Incorporated	Commercial	27,291,560	0.36
			$941,650,917	12.49%

(1) 2025-26 Local Secured Assessed Valuation: $7,541,052,487
Source: California Municipal Statistics, Inc.

Improvement District No. 5. The following table shows the 20 largest property taxpayers in Improvement District No. 5, as determined by secured assessed valuation in fiscal year 2025-26.

LARGEST LOCAL SECURED PROPERTY TAXPAYERS
Fiscal Year 2025-26
Folsom Cordova Unified School District
School Facilities Improvement District No. 5

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total[1]
1.	Intel Corporation	Office Building/Industrial	$799,410,433	4.56%
2.	Broadstone Land LLC	Commercial	175,931,494	1.00
3.	Prime Falls LLC	Apartments	155,343,960	0.89
4.	Pique Apartments LLC	Apartments	124,265,774	0.71
5.	Talavera Ridge Apartments LP	Apartments	103,958,422	0.59
6.	Folsom Residences LLC	Apartments	81,333,148	0.46
7.	Broadstone Crossing LLC	Apartments	74,997,545	0.43
8.	Sequoia Equities Iron Point/Folsom Iron Point	Apartments	73,696,827	0.42
9.	Kaiser Foundation Hospitals	Office Building	72,000,000	0.41
10.	Broadstone Market Place LLC	Commercial	68,583,220	0.39
11.	Kikkoman Foods Inc.	Industrial	67,817,453	0.39
12.	Overlook at Blue Ravine LLC	Apartments	65,922,440	0.38
13.	MCP Broadstone LLC	Commercial	65,285,100	0.37
14.	150 Healthy Way Investor LP	Apartments	64,775,436	0.37
15.	Sherwood Iron Point LP	Apartments	64,709,487	0.37
16.	Iron Point Apartments LLC	Apartments	64,212,742	0.37
17.	Prime Legends LLC	Apartments	63,880,560	0.36
18.	Summit at Fair Oaks LP / Kenneth Park LP	Apartments	62,445,282	0.36
19.	KIW Folsom Venture LLC	Assisted Living Facility	60,760,409	0.35
20.	KB Parkshore DST	Office Building	57,440,401	0.33
			$2,366,770,133	13.52%

(1) 2025-26 Local Secured Assessed Valuation: $17,511,865,465.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following pages are direct and overlapping debt reports regarding each of the Improvement Districts (each a "Debt Report") prepared by California Municipal Statistics, Inc., each Debt Report effective as of March 24, 2026 for debt outstanding as of April 1, 2026. The Debt Reports are included for general information purposes only. The School District has not reviewed the Debt Reports for completeness or accuracy and makes no representation in connection therewith.

The Debt Reports, generally, include long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the respective Improvement Districts 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 respective Improvement Districts. 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 respective 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 respective 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 respective Improvement District, as determined by multiplying the total outstanding debt of each agency by the percentage of the respective 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. 3

2025-26 Assessed Valuation: $6,346,293,065

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/26
Los Rios Community College District	2.160%	$6,530,004
Folsom-Cordova Unified School District School Facilities Improvement District No. 1	24.309	1,008,762
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	17.673	1,108,229
Folsom-Cordova Unified School District School Facilities Improvement District No. 3	**100.000**	**176,372,342**[(1)]
City of Folsom Community Facilities Districts	100.000	170,490,000
City of Rancho Cordova Community Facilities Districts	100.000	29,335,000
Sacramento Metropolitan Fire Protection District	2.723	4,356,800
Sacramento Area Flood Control Consolidated Capital Assessment District	3.291	9,404,526
California Statewide Community Development Authority Assessment District	100.000	8,321,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$406,926,663
OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	2.587%	$2,029,512
Sacramento County Pension Obligations	2.587	5,086,042
Sacramento County Board of Education Certificates of Participation	2.587	14,746
City of Folsom General Fund Obligations	16.975	53,560
City of Rancho Cordova General Fund Obligations	14.266	1,380,236
Sacramento Metropolitan Fire District General Fund and Pension Obligations	2.723	727,640
Cordova Recreation and Park District General Fund Obligations	11.245	558,694
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$9,850,430
Less: Sacramento County supported obligations		205,159
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$9,645,271
GROSS COMBINED TOTAL DEBT		$416,777,093[(2)]
NET COMBINED TOTAL DEBT		$416,571,934

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($176,372,342)..2.78%
Total Direct and Overlapping Tax and Assessment Debt 6.41%
Gross Combined Total Debt 6.57%
Net Combined Total Debt...6.56%

(1) Excludes the Series A Refunding Bonds, but includes the Prior Improvement District No. 3 Bonds being refinanced with proceeds of the Series A Refunding Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

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

2025-26 Assessed Valuation: $8,028,293,135

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/26
Los Rios Community College District	2.733%	$ 8,262,269
Folsom-Cordova Unified School District School Facilities Improvement District No. 1	75.663	3,139,823
Folsom-Cordova Unified School District School Facilities Improvement District No. 4	**100.000**	**158,709,414**[1]
Sacramento Metropolitan Fire District	8.120	12,992,000
California Statewide Community Development Authority Assessment Districts	100.000	4,680,000
Sacramento Area Flood Control Consolidated Capital Assessment District	0.429%	1,225,932
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$189,009,438
OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	3.273%	$ 2,567,681
Sacramento County Pension Obligation Bonds	3.273	6,434,718
Sacramento County Board of Education Certificates of Participation	3.273	18,656
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	8.120	2,169,826
City of Rancho Cordova Certificates of Participation	48.083	4,652,030
Cordova Recreation and Park District General Fund Obligations	35.361	1,756,869
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$17,599,780
Less: Sacramento County supported obligations		259,562
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$17,340,218
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$15,172,171
GROSS COMBINED TOTAL DEBT		$221,781,389[2]
NET COMBINED TOTAL DEBT		$221,521,827

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($158,709,414)..1.98%
Total Direct and Overlapping Tax and Assessment Debt 2.35%
Gross Combined Total Debt 2.76%
Net Combined Total Debt...2.76%

Ratios to Redevelopment Incremental Valuation ($778,774,212):
Total Overlapping Tax Increment Debt 1.95%

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(1) Excludes the Series B Refunding Bonds, but includes the Prior Improvement District No. 4 Bonds being refinanced with proceeds of the Series B Refunding Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Folsom Cordova Unified School District
School Facilities Improvement District No. 5

2025-26 Assessed Valuation: $17,868,831,978

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/26
Los Rios Community College District	6.082%	$18,386,798
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	82.327	5,162,516
Folsom-Cordova Unified School District School Facilities Improvement District No. 5	**100.000**	**170,150,000**[(1)]
Sacramento Metropolitan Fire District	0.004	6,400
City of Folsom Community Facilities Districts	100.000	29,150,000
California Statewide Community Development Authority Assessment Districts	100.000	5,739,738
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$228,595,452
OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	7.285%	$5,715,111
Sacramento County Pension Obligation Bonds	7.285	14,322,310
Sacramento County Board of Education Certificates of Participation	7.285	41,525
City of Folsom General Fund Obligations	81.453	257,003
Sacramento Metropolitan Fire District General Fund and Pension Obligation Bonds	0.004	1,069
Orangevale Recreation and Park District General Fund Obligations	0.034	251
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$20,337,269
Less: Sacramento County supported obligations		577,729
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$19,759,540
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$33,350,000
GROSS COMBINED TOTAL DEBT		$282,282,721[(2)]
NET COMBINED TOTAL DEBT		$281,704,992

Ratios to 2025-26 Assessed Valuation:
Direct Debt ($170,150,000)..........0.95%
Total Direct and Overlapping Tax and Assessment Debt..........1.28%
Gross Combined Total Debt..........1.58%
Net Combined Total Debt..........1.58%

Ratios to Redevelopment Incremental Valuation ($1,319,892,968):
Total Overlapping Tax Increment Debt..........2.53%

(1) Excludes the Series C Refunding Bonds, and includes the Prior Improvement District No. 5 Bonds being refinanced with proceeds of the Series C Refunding Bonds.
(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 respective Improvement Districts 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 DISTRICTS' TAX BASES" 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. 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 Districts.

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 Districts.

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. Annual Adjustments to Spending Limit. 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. Treatment of Excess Tax Revenues. "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

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.

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 DISTRICTS

Improvement District No. 3

Authorization and Establishment. The Board, at a meeting held on June 8, 2006, approved a resolution to establish Improvement District No. 3 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. 06-08-06-44 to establish the Improvement District No. 3 pursuant to 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").

Location and Territory. Improvement District No. 3 is located in the southeastern portion of the School District, and consists of territory east of Sunrise Boulevard and west of the El Dorado County line. The area of Improvement District No. 3 includes areas of the School District that are also part of Improvement District No. 1 (defined herein) and Improvement District No. 2 (defined herein See "TAX BASE FOR REPAYMENT OF BONDS – Direct and Overlapping Debt." The area of Improvement District No. 3 is about 52.6 square miles, representing about 54.8% of the territory of the School District, and includes a portion of the City of Rancho Cordova, a portion of the City of Folsom and adjacent unincorporated areas of the County.

Improvement District No. 4

Authorization and Establishment. The Board, at its meeting on June 8, 2006, approved a Resolution of Intention to establish Improvement District No. 4 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 to establish Improvement District No. 4 pursuant to 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 to increase the estimated cost of school facilities and equipment within the Improvement District No. 4 to be financed by general obligation bonds.

Location and Territory. Improvement District No. 4 is located in the southwestern portion of the School District, and consists of territory west of Sunrise Boulevard. The area of Improvement District No. 4 includes areas of the School District that are also part of Improvement District No. 1. See "TAX BASE FOR REPAYMENT OF BONDS – Direct and Overlapping Debt." The area of Improvement District No. 4 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.

Improvement District No. 5

Authorization and Establishment. The Board, at its meeting on June 5, 2014, approved a resolution to establish Improvement District No. 5 and called a public hearing on the matter. Following the conclusion of a public hearing conducted by the School District on June 19, 2014, the Board adopted Resolution No. 06-05-14-33 to establish the Improvement District No. 5 pursuant to the SFID Act.

Location and Territory. Improvement District No. 5 is located in northeastern portion of the School District, and consists of territory north of US Highway 50 in the City of Folsom and in adjacent unincorporated territory of the School District. The area of Improvement District No. 5 includes areas of the School District that are also part of the School District's Improvement District No. 2. See "TAX BASE FOR REPAYMENT OF BONDS – Direct and Overlapping Debt." The area of Improvement District No. 5 is about 25 square miles, representing about 26% of the territory 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 27 preschool programs at 16 sites, transitional kindergarten programs at 21 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 projected fiscal year 2025-26 enrollment of 22,309 students and an ADA of 21,005 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
Jennifer Laret	President	December 2026
YK Chalamcherla	Vice President	December 2028
David Reid	Clerk	December 2026
Chris Clark	Member	December 2028
Kara Lofthouse	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.

Enrollment

The following table shows a 9-year enrollment history for the School District, together with a projection for fiscal year 2025-26.

ANNUAL ENROLLMENT
Fiscal Years 2016-17 through 2025-26
Folsom Cordova Unified School District[(1)]

Year	Enrollment[(2)]	Annual Change	Annual % Change
2016-17	20,308	475	--
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	21,780	803	3.83
2025-26	22,309	529	2.43

(1) For fiscal years 2016-17 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.
Source: Folsom Cordova Unified School District. Annual percentage change numbers provided by the Municipal Advisor.

Labor Relations

As of April 21, 2026, the School District employed 1,425 full-time equivalent ("FTE") certificated and administrative employees, and 1,472 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	1,431	6/30/2026
California School Employees Association	1,739	6/30/2026

Source: Folsom Cordova Unified School District.

School District Retirement Systems

The information set forth below regarding the STRS and PERS 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 either the School District or the Municipal Advisor.*

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. For fiscal year commencing July 1, 2025, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2026, the contribution rate will be 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 has been 19.1% for each fiscal year since fiscal year 2022-23 and will be 19.1% in fiscal year 2026-27.

The School District's contributions to STRS were $$19,301,747 in fiscal year 2021-22, $23,132,691 in fiscal year 2022-23, $25,098,751 in fiscal year 2023-24, and $26,910,415 in fiscal year

2024-25. The School District has budgeted $47,751,951 for its contribution to STRS for fiscal year 2025-26.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2025-26 and 8.328% for fiscal year 2026-27. 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, 2024 included 1,600 public agencies and 1,336 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, 26.81% in fiscal year 2025-26, and will be 26.40% in fiscal year 2026-27. Classic Members contribute at a rate established by statute, which was 7% in fiscal years 2023-24 through 2025-26, while PEPRA Members contribute at an actuarially determined rate, which was 8% in fiscal years 2023-24 through 2025-26. For the Schools Pool Actuarial Valuation as of June 30, 2025 (the "2025 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 2026-27. See "—California Public Employees' Pension Reform Act of 2013" herein.

The School District's contributions to PERS were $9,948,355 in fiscal year 2021-22, $12,790,041 in fiscal year 2022-23, $15,665,117 in fiscal year 2023-24, and $17,871,264 in fiscal year 2024-25. The School District has budgeted $20,104,409 for its contribution to PERS for fiscal year 2025-26.

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 table on the following page 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 2013-24 through 2024-25

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)
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
2023-24	380,507	321,910	85,532	291,838	88,669
2024-25	395,525	349,525	75,038	313,533	81,992

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)(4)	Unfunded Liability (AVA)(3)(4)
2013-14	$65,600	$56,838	$8,761	--	--
2014-15	73,325	56,814	16,511	--	--
2015-16	77,544	55,785	21,759	--	--
2016-17	84,416	60,865	23,551	--	--
2017-18	92,071	64,846	27,225	--	--
2018-19(5)	99,528	68,177	31,351	--	--
2019-20(6)	104,062	71,400	32,662	--	--
2020-21	110,507	86,519	23,988	--	--
2021-22	116,982	79,386	37,596	--	--
2022-23	124,924	84,292	40,632	--	--
2023-24	133,978	93,187	40,791	--	--
2024-25(7)	141,195	105,452	35,743	--	--

(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 13, 2026, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2026-27 and released certain actuarial information to be incorporated into the 2025 PERS Actuarial Valuation to be released later in 2026.

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 2025 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, 2025 (the "2025 STRS Actuarial Valuation") reports that, based on an actuarial value of assets, the unfunded actuarial obligation increased by approximately $6.7 billion since the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2024 (the "2024 STRS Actuarial Valuation") and the funded ratio increased by 2.6% to 79.3% over such time period. This decrease in unfunded actuarial obligation was primarily due to the investment experience of the last two years, while approximately $665 million of the decrease in the unfunded actuarial obligation was the result of the previous decision of the STRS Board to not reduce the contribution rates for both employers and the State. The funded ratio improved by 2.6% since the 2024 Valuation primarily due to investment returns above the 7.00% long-term investment return assumption for the last two years, as well as contributions made by employers and the State in fiscal year 2024-25 to eliminate their share of the unfunded actuarial obligation by 2046. 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 an increase in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from $140 million as of June 30, 2024 to $367 million as of June 30, 2025. The State is currently projected to eliminate its $4.0 billion share of the unfunded actuarial obligation by next year. As noted above, once the State has eliminated its share of the STRS unfunded actuarial obligation, the State supplemental contribution rate will immediately be reduced to zero.

According to the 2025 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, 2043 of 100.4%. 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 13, 2025, STRS released its 2025 Review of Funding Levels and Risks (the "STRS 2025 Review of Funding Levels and Risks"), which is based on the 2024 STRS Actuarial Valuation. The STRS 2025 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 STRS Board in May 2025 in part due to the investment return earned by STRS in fiscal year 2024-25. Full funding is now projected to occur in 2043, three years ahead of schedule.

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 employers to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2026–27, (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) and the State's share of the unfunded actuarial obligation could quickly increase if STRS were to experience a year in which the investment return is significantly below the assumed rate of return, (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the STRS 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) STRS' ability to reach full funding is dependent on meeting its current actuarial assumptions over the long term and 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 actuarial assumptions and impact its ability to reach full funding.

The STRS 2025 Review of Funding Levels and Risks notes highlighted risks associated with longevity, the size of active membership and investments. STRS performs an in-depth study of mortality every four years as part of the experience analysis. The most recent analysis was completed in January 2024, at which time the STRS Board adopted new mortality assumptions. The STRS 2025 review of Funding Levels and Risks notes that, overall, STRS experienced greater mortality than projected under the previous assumptions. The analysis included data that was impacted by the COVID-19 pandemic, and it remains uncertain whether the COVID-19 virus will continue to impact mortality levels over the long term. The STRS Board adopted mortality rates that were slightly lower than what the data indicated, essentially not fully reflecting the impact of the pandemic. Regardless, the assumptions adopted did result in a slight decrease in life expectancy compared with the previous assumptions. To mitigate longevity risk, STRS uses a technique known as generational mortality. This technique anticipates future improvements in life expectancy in the funding of the system, recognizing potential improvements in mortality ahead of time.

In January 2024, the STRS Board adopted a change to the rate at which the payroll is assumed to increase, from 3.5% per year down to 3.25% per year. With this change, STRS now assumes that the population of active teachers will decline slowly over time. This assumption is key in determining contribution rates and whether the funding plan will successfully eliminate the current unfunded actuarial obligation by 2046 since STRS collects contributions as a percentage of payroll. If the active membership declines faster than anticipated 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 schools do not replace the 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 in January 2024.

After being fairly steady between 2010 and 2020, 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 in California dropped by approximately 310,000, or a 5% reduction, between 2019–20 and 2022–23. At the same time, the number of students enrolled at community colleges dropped by 310,000, or a 20% reduction, between the fall of 2019 and the fall of 2021. Since then, enrollment rebounded by almost 200,000 from the fall of 2021 to the fall of 2024. Still, enrollment in community colleges was down more than 7%, or about 115,000, since 2019. In November 2025, the State updated its projection of K–12 enrollments. The updated projection assumes the number of children enrolled in K–12 public schools will continue to decline for the next 20 years. The most recent projection anticipates a decline of approximately 10% over the next 10 years and approximately 16% over the next 20 years. If the anticipated reduction in enrollment results in a need for fewer teachers in California, it would impact the number of active teachers who participate in the STRS Defined Benefit Program and ultimately the growth in payroll. The situation could intensify if school districts were to face budget issues and rely either on layoffs or hiring freezes, leaving positions vacant as teachers leave or retire to reduce budget pressure. One countervailing force that could potentially offset some of the factors listed above would be reductions in class sizes.

The STRS 2025 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 2025 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 STRS Board limited authority to increase contribution rates for both the state and employers through 2046 for this purpose; (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 specific restrictions the funding plan places on contribution rate increases for both the State and employers limit STRS' ability to respond to investment volatility, 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, 2025, STRS reported a net return on investments of 8.5% for fiscal year 2024-25, ending with the total fund value of $367.7 billion as of June 30, 2025. The 2024-25 return keeps STRS on track long term, as the 5-,10-, 20-, and 30-year returns, including the 9.4% 5-year return, all surpass the actuarial assumption of 7.0%, despite inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2024-25 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 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 18, 2025 (the “2025 Experience Study”), the PERS Board approved new actuarial assumptions, including (i) maintaining the current 6.8% discount rate, (ii) increasing the inflation rate from 2.3% to 2.5% per year, (iii) maintaining the assumed real wage inflation assumption to 0.5%, which results in an increase of total wage inflation of 2.80% to 3.0%, (iv) maintaining the payroll growth rate at 2.8%, and (v) 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 will be incorporated into the actuarial valuation for fiscal year ending June 30, 2025 and first impacted contribution rates for school districts in fiscal year 2026-27. Based on the timing of this study, the member data used for the analysis, which runs through June 30, 2023, does include impacts of COVID-19. Due to the anomalies created by COVID-19, some of the COVID-19 data was excluded.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study which guided the fund's investment portfolio for the subsequent 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 13, 2026, the PERS Board established the employer contribution rates for fiscal year 2026-27 and released information from the 2025 PERS Actuarial Valuation, ahead of its release date later in 2026. From June 30, 2024 to June 30, 2025, the funded status of the Schools Pool increased by 5.1% (from 69.6% to 74.7%) and the unfunded accrued liability decreased by approximately $5.0 billion. The primary driver of improvement was investment return greater than expected. Based on final assets as of June 30, 2025, the investment return for 2024-25 was 12.0% after reduction for administrative expenses, generating an actuarial investment gain of $4.9 billion. This gain will be amortized over 20 years with a five-year ramp, decreasing the employer contribution rate in 2026-27 by 0.49% of pay. Due to the five-year ramp, this impact will escalate each year until it reaches an estimated reduction of 2.16% of pay in 2030-31. Non-investment experience during fiscal year 2024-25, which includes both demographic experience and economic experience other than from investments, increased unfunded accrued liability by $0.6 billion, which will be amortized over 20 years, increasing the employer contribution rate by 0.19% in fiscal year 2026-27. Combined with a 0.17% decrease of the employer normal cost rate, the net effect of non-investment experience is an increase of 0.02% in the employer rate. Total payroll in 2024-25 increased by 6.6% over the prior year, compared with 2.8% expected. This served to reduce the employer contribution rate by 0.61% of pay in 2026-27 as the dollar amount of the unfunded liability contribution is divided by a larger payroll.

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 2027-28 is 26.8%, 25.9% in fiscal year 2028-29, 25.1% in fiscal year 2029-30, 24.0% in fiscal year 2030-31, and 23.8% in fiscal year 2031-32. The actual investment return for fiscal year 2025-26 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 School District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2025, the School District's proportionate shares of the STRS and PERS pension liabilities were $136,137,000 and $105,743,000, respectively. See also "APPENDIX D – THE 2024-25 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. As of March 31, 2026, the Pension Stabilization Trust has a balance of $18,786,137.

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 April 21, 2026, there were 168 retirees receiving benefits and 1,837 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 $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, and $17,141,425 in fiscal year 2024-25. The School District has budgeted expenditures of $ 17,304,108 towards the Benefits in fiscal year 2025-26.

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 $10,737,253.

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 D – THE 2024-25 AUDITED FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT – Note 9" attached hereto.

Actuarial Study. The School District has implemented GASB 74 and GASB 75, pursuant to which the School District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB 74 and GASB 75 (discussed above) require biennial actuarial valuations for all plans. The most recent actuarial study for the Plan was dated April 01, 2026 (the "Study"). The Study concluded that, as of a June 30, 2025 measurement date, the Total OPEB Liability (the "TOL") was $22,258,759, the Fiduciary Net Position was $10,737,253, and the Net OPEB Liability was $11,551,506.

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 D – THE 2024-25 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 School 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.

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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 2025-26, the School District has a projected ADA of approximately 659 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 2016-17 through 2024-25, and projected amounts for fiscal year 2025-26.

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ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Years 2016-17 through 2025-26
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)]
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	6,049	4,685	3,075	6,633	20,442	21,780	38.8
2025-26[(4)]	6,215	4,803	3,131	6,855	21,005	22,309	39.6

(1) 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.
(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 2016-17 through 2024-25, and a projected amount for fiscal year 2025-26.

DEVELOPER FEES
Fiscal Years 2016-17 through 2025-26
Folsom Cordova Unified School District

Fiscal Year	Developer Fees Collections
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	16,332,340
2025-26(1)	8,200,000

(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 2016-17 through 2024-25, and a projected amount for fiscal year 2025-26, are shown in the following table.

PASS-THROUGH REVENUES
Fiscal Years 2016-17 through 2025-26
Folsom Cordova Unified School District

Fiscal Year	Pass-Through Revenues
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	712,623
2025-26(1)	728,000

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

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, 2025 are included for reference in APPENDIX D hereto. Audited financial statements for the School District for the fiscal year ended June 30, 2025, 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 2020-21 through 2024-25.

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AUDITED GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal years 2020-21 through 2024-25
Folsom Cordova Unified School District

	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Revenues					
Revenue Limit/LCFF Sources					
State Apportionments	$114,913,560	$119,593,549	$137,634,223	$156,005,844	$162,130,214
Local Sources	69,818,490	73,888,660	80,976,710	86,590,347	91,425,433
Total Revenue Limit/LCFF Sources	184,732,050	193,482,209	218,610,933	242,596,191	253,555,647
Federal Sources	23,710,815	35,488,511	20,664,754	11,955,117	10,484,418
Other State Sources	40,349,823	50,051,506	79,898,280	58,946,114	62,709,827
Other Local Sources	2,162,615	5,079,775	10,214,417	16,364,748	13,233,691
Total Revenues	250,955,303	284,102,001	329,388,384	329,862,170	339,983,583
Expenditures					
Certificated Salaries	101,814,562	115,290,463	126,264,687	137,471,660	143,608,476
Classified Salaries	35,918,104	44,716,539	51,686,895	58,567,335	65,246,540
Employee Benefits	51,588,471	60,832,668	70,534,315	75,348,077	82,390,936
Books and Supplies	13,896,439	14,539,439	10,143,213	10,894,196	13,759,806
Contract Services and Operating Expenses	24,801,130	30,585,650	30,982,973	33,797,725	40,172,618
Capital Outlay	9,948,370	6,836,976	9,357,588	5,223,507	4,279,497
Debt Service	321,186	316,964	316,965	316,966	--
Other Outgo	1,372,652	1,222,744	1,401,506	1,568,382	1,528,754
Total Expenditures	239,660,914	274,341,443	300,688,142	323,187,848	350,986,627
(DEFICIENCY)/EXCESS OF REVENUES OVER/(UNDER) EXPENDITURES	11,294,389	9,760,558	28,700,242	6,674,322	(11,003,044)
Other Financing Sources/(Uses)					
Operating Transfers In	210,490	470,258	530,670	529,065	650,255
Operating Transfers Out	(4,782,328)	(1,287,240)	(1,878,385)	(3,908,015)	(2,350,000)
Other Financing Sources (Uses)	--	--	--	--	--
Total Other Financing Sources/(Uses)	(4,571,838)	(816,982)	(1,347,715)	(3,378,950)	(1,699,745)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER USES	6,722,551	8,943,576	27,352,527	3,295,372	(12,702,789)
Fund Balance, July 1	50,097,768	56,820,319	65,763,895	93,116,422	96,411,794
Fund Balance, June 30	$56,820,319	$65,763,895	$93,116,422	$96,411,794	$83,709,005

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 2022-23 through 2025-26, ending results for fiscal years 2022-23 through 2024-25, and projected results for fiscal year 2025-26.

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GENERAL FUND BUDGETING
Fiscal Years 2022-23 through 2025-26
Folsom Cordova Unified School District

	Fiscal Year 2022-23[1]		Fiscal Year 2023-24[1]		Fiscal Year 2024-25[1]		Fiscal Year 2025-26		Fiscal Year 2025-26
REVENUES	**Adopted Budget**	**Actual**	**Adopted Budget**	**Actual**	**Adopted Budget**	**Actual**	**Adopted Budget[2]**	**Estimated Actuals[3]**	**Budget[3]**
LCFF/Revenue Limit Sources	$209,031,959	$218,610,933	$234,737,780	$242,596,191	$254,380,907	$253,555,647	$264,901,687	$267,407,456	$280,936,376
Federal Revenue	20,467,549	20,664,754	12,079,180	11,955,117	10,008,352	10,484,418	9,887,822	10,278,929	10,060,636
Other State Revenues	44,274,767	79,898,280	51,401,540	58,946,114	54,738,436	62,709,827	61,027,214	71,694,395	94,062,359
Other Local Revenues	7,973,493	10,214,417	7,340,357	16,364,748	9,895,984	13,233,691	9,296,716	13,360,575	10,160,552
TOTAL REVENUES	281,747,768	329,388,384	305,558,857	329,862,170	329,023,679	339,983,583	345,113,439	362,741,355	395,219,923
EXPENDITURES									
Certificated Salaries	113,647,865	126,264,687	127,198,303	137,471,660	143,115,023	143,608,476	147,376,620	149,857,301	152,419,091
Classified Salaries	49,531,992	51,686,895	58,471,453	58,567,335	68,034,793	65,246,540	72,396,322	69,877,317	76,677,331
Employee Benefits	68,779,139	70,534,315	78,974,031	75,348,077	84,303,243	82,390,936	90,009,912	87,839,552	94,763,829
Books and Supplies	12,794,350	10,143,213	12,203,858	10,894,196	13,753,095	13,759,806	13,659,704	14,390,655	11,741,470
Services and Other Operating Expenses	27,302,142	30,982,973	32,641,677	33,797,725	36,826,401	40,172,618	42,473,225	45,188,447	42,929,756
Capital Outlay	6,366,806	9,357,588	4,534,875	5,223,507	3,708,943	4,279,497	5,368,600	8,910,546	573,000
Debt Service	--	316,965	--	316,966	--	--	--	--	1,207,144
Other Outgo	1,280,008	1,401,506	1,744,942	1,568,382	1,709,816	1,528,754	1,496,853	1,297,799	-
Direct Support/Indirect Costs	--	--	(415,359)	--	(569,285)	--	(562,401)	(546,392)	(657,552)
Total Expenditures	279,702,302	300,688,142	315,354,280	323,187,848	350,882,029	350,986,627	372,218,835	376,815,225	379,654,069
Excess (Deficiency) Of Revenues Over Expenditures	2,045,466	28,700,242	(9,795,423)	6,674,322	(21,858,350)	(11,003,044)	(27,105,396)	(14,073,870)	15,565,854
Other Financing Sources/Uses									
Interfund Transfers In	--	530,670	133,955	529,065	159,671	650,255	142,733	125,053	162,841
Interfund Transfers Out	(1,150,000)	(1,878,385)	(950,000)	(3,908,015)	(2,299,225)	(2,350,000)	(1,410,754)	(1,150,000)	(1,950,000)
Contributions	--	--	--	--	--	--	--	--	--
Total Other Financing Sources/Uses	(1,150,000)	(1,347,715)	(816,045)	(3,378,950)	(2,139,554)	(1,699,745)	(1,268,021)	(1,024,947)	(1,787,159)
Net Increase (Decrease) In Fund Balance	895,466	27,352,527	(10,611,468)	3,295,372	(23,997,904)	(12,702,789)	(28,373,417)	(15,098,817)	13,778,695
Beginning Fund Balance (July 1)	65,763,895	65,763,895	93,116,422	93,116,422	96,411,794	96,411,794	78,717,613	83,709,005	68,610,188
Ending Fund Balance (June 30)	$66,659,361	$93,116,422	$82,504,954	$96,411,794	$72,413,890	$83,709,005	$50,344,196	$68,610,188	$82,388,883

(1) From the School District's Comprehensive Audited Financial Statements for fiscal years 2022-23 through 2024-25.
(2) From the School District's 2025-26 Adopted Budget, developed prior to the close of the prior fiscal year's books
(3) From the School District's 2026-27 Proposed Budget, scheduled for a public hearing on June 4, 2026 and for adoption on June 18, 2026. Rounded to the nearest dollar.
Source: Folsom Cordova Unified School District.

State Budget Measures

The following information concerning the State's budgets 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.

2025-26 State Budget. On June 27, 2025, the Governor signed the State budget for fiscal year 2025-26 (the "2025-26 State Budget"). The following is drawn from the DOF and LAO summaries of the 2025-26 State Budget.

The 2025-26 State Budget reported that, since the release of the Governor's proposed State budget, the imposition of federal policy changes significantly slowed economic growth within the State. Most notably, broad-based tariffs blunted economic growth and drove a downgrade of the economic forecasts built into the May revision to the proposed State budget. Additionally, the State experienced substantial cost and caseload growth in several core State programs, most notably within Medi-Cal, which combined to create a State general fund shortfall of $11.8 billion. The 2025-26 State Budget noted that the budget did not reflect the impact of substantial cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The 2025-26 State Budget solved the projected $11.8 billion deficit through significant reductions in ongoing programs and a mix of other broad-based measures, including:

- *Reductions* – $2.8 billion in total reductions in fiscal year 2025-26, which grows to $11.9 billion by fiscal year 2028-29 through (i) an enrollment freeze for full-scope Medi-Cal expansion for undocumented adults ages 19 and older , (ii) a reduction in Medi-Cal premiums for adults 19-59 with unsatisfactory immigration status, (iii) altering the Medi-Cal asset test limit, (iv) an elimination of dental benefits for adults age 19 or older with unsatisfactory immigration status, (v) a reduction in prospective payment system payments to federally qualified health centers and rural health clinics , (vi) eliminating specialty drug coverage for weight loss, (vii) a reduction in pharmacy drug rebates and (viii) requiring provider mandates for quality incentive payment program eligibility.

- *Revenues/Borrowing* – $7.8 billion in additional revenues and borrowings through (i) $1.3 billion of support from the managed care tax approved in November of 2024 (Proposition 35) in fiscal year 2025-26 for Medi-Cal rate increases, as well as $263.7 million of such support in fiscal year 2026-27, (ii) a loan of $4.4 billion across the three-year budget window, including $1 billion for fiscal year 2025-26 from the medical providers interim payment fund loan, (iii) a loan of $150 million in fiscal year 2025-26 from the unfair competition law fund loan (iv) a loan of $400 million in fiscal year 2025-26 from the labor and workforce development fund loan and (v) $1.5 billion in additional special fund and internal borrowing.

- *Fund Shifts* – $1.2 billion in total solutions for fiscal year 2025-26 primarily through shifting the costs for Cal Fire operations from the general fund to the greenhouse gas reduction fund. The 2025-26 State Budget estimated additional savings in shifting the costs to the greenhouse gas reduction fund of $1.3 billion in fiscal year 2026-27 and $500 million in both fiscal years 2027-28 and 2028-29.

In its summary of the 2025-26 State Budget, the LAO estimated the budget shortfall for fiscal year 2025-26 as $15.0 billion, and noted that the 2025-26 State Budget primarily closed the shortfall by utilizing approximately $10 billion in borrowing, which is defined by the LAO as budget actions that achieve savings in the present but result in an obligation or higher cost for the State in a future year. The approximate $10 billion borrowing represented two-thirds of the total solutions, with spending reductions of approximately $2.5 billion, fund shifts of approximately $3 billion and revenue-related solution of approximately $300 million representing the remaining one-third of the budget solutions.

For fiscal year 2024-25, the 2025-26 State Budget projected total general fund revenues and transfers of $226.7 billion and authorizes expenditures of $233.6 billion. The State projected to end fiscal year 2024-25 with total reserves of approximately $35.9 billion, including $18.3 billion in the BSA, $455 million in the PSSSA and $17.1 billion in traditional general fund reserves. The State budget for fiscal year 2024-25 authorized BSA withdrawals of $5.1 billion in fiscal year 2024-25 and $7.1 billion in fiscal year 2025-26. The 2025-26 State Budget maintained the scheduled $7.1 billion withdrawal for fiscal year 2025-26. For fiscal year 2025-26, the 2025-26 State Budget projected total general fund revenues and transfers of $215.7 billion and authorizes expenditures of $228.4 billion. The State projected to end fiscal year 2025-26 with total reserves of approximately $15.7 billion, including $4.5 billion in the traditional general fund reserve and $11.2 billion in the BSA. The PSSSA and the Safety Net Reserve projected to have zero balances in fiscal year 2025-26.

The 2025-26 State Budget set total funding in fiscal year 2025-26 for all TK-12 education programs at $137.6 billion, including $80.5 billion from the State general fund and $57.1 billion from other sources. The minimum funding guarantee in fiscal year 2025-26 was set at $114.6 billion. The 2025-26 State Budget also made retroactive changes to the minimum funding guarantee in fiscal years 2023-24 and 2024-25, setting them at $98.5 billion and $119.9 billion, respectively. The revised general fund estimates resulted in notable adjustments to the minimum funding guarantee with an increase of approximately $3.9 billion from the State budget for fiscal year 2024-25 over the three-year period.

For fiscal year 2024-25, the 2025-26 State Budget appropriated $118 billion, instead of the then-calculated level of $119.9 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 fiscal year 2024-25. The minimum funding level for fiscal year 2024-25 will not be finalized until that fiscal year is certified, which is a process that will occur throughout 2026. The 2025-26 State Budget projected that Test 1 will be in effect for fiscal year 2025-26. To accommodate enrollment increases related to the continued implementation of Universal Transitional Kindergarten and property tax backfills related to the January 2025 fires in the County of Los Angeles, the 2025-26 State Budget rebenched 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 2025-26 State Budget included an LCFF COLA of 2.3%. When combined with population growth adjustments, these resulted in an increase of roughly $2.1 billion in discretionary funds for local educational agencies, as compared to the level set in the prior State budget. As a result, the adjusted LCFF Base Grants for fiscal year 2025-26 were as follows: (i) $11,323 for grades TK-3, (ii) $10,411 for grades 4-6, (iii) $10,719 for grades 7 and 8, and (iv) $12,746 for grades 9-12. Additionally, the adjusted TK add on rate for fiscal year 2025-26 was $5,545. The 2025-26 State Budget authorized a mandatory deposit of $455 million into the PSSSA in fiscal year 2024-25, of which the entirety was exhausted in fiscal year 2025-26, including $405.3 million to support LCFF costs. The LAO noted that the 2025-26 State Budget created a $1.7 billion gap beyond ongoing Proposition 98 funding levels. The gap was covered in fiscal year 2025-26 by one-time savings generated through deferring payments from fiscal year 2025-26 to fiscal year 2026-

27, withdrawing funds from the PSSSA and repurposing some unused Proposition 98 funds from prior fiscal years. The one-time savings expired after fiscal year 2025-26 and will need to be addressed in fiscal year 2026-27 with new ongoing funds, ongoing reductions, or additional one-time actions.

- *Deferrals* – The 2025-26 State Budget reflected LCFF apportionment deferrals from 2024-25 to 2025-26 of approximately $246.6 million, and from 2025-26 to 2026-27 of approximately $1.9 billion.
- *Universal Transitional Kindergarten (TK)* – The 2025-26 State Budget provided $2.1 billion (inclusive of all prior years' investments) in ongoing Proposition 98 funding to support the full implementation of universal TK so that all children who turn 4 years old by September 1 of the school year can enroll in the 2025-26 school year. The 2025-26 State Budget also provided $1.2 billion ongoing Proposition 98 funding to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom. Additionally, the 2025-26 State Budget shifted $232.9 million of ongoing Proposition 98 funding for universal TK funding that was previously allocated to community college districts as a result of the Proposition 98 statutory split to the TK-12 side of the budget.
- *Before School, After School and Summer School* – $515.5 million in ongoing Proposition 98 funding for the Expanded Learning Opportunities Program, which sought to implement before, after and summer school instruction and enrichment for students in grades TK-6, by increasing the number of local education agencies that offer universal access to students with an unduplicated count of 75 percent to an unduplicated count of 55 percent. The 2025-26 State Budget included an additional $10.4 million to increase the minimum grant amounts from $50,000 to $100,000 per local educational agency.
- *Literacy Instruction* – $480 million in one-time Proposition 98 funding for the support of the English Language Arts/English Language Development framework, which included investments such as literacy coaches, reading specialists, trainings for educators, administering screenings and providing materials. The 2025-26 State Budget also provided $10 million in one-time Proposition 98 funding for the statewide use of English language proficiency screeners to support multilingual learners in TK.
- *Teacher Preparation and Professional Development* – $300 million in one-time Proposition 98 funding to establish the Student Teacher Stipend Program, which will provide $10,000 grants to qualifying teacher candidates, $70 million in one-time Proposition 98 funding for high-quality teacher residency programs and $30 million in one-time Proposition 98 funding to extend the timeline of existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.
- *State Preschool* – The 2025-26 State Budget provided $19.3 million Proposition 98 funding and $10.2 million non-Proposition 98 funding for the California State Preschool Program to augment provider rates, supporting the costs of care. The 2025-26 State Budget also provided authority to the Department of Education to take certain actions related to the California State Preschool program.
- *Learning Recovery Emergency Block Grant* – $378.6 million in 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.

- *Universal School Meals Support Grant* – $145 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure, training and procurement of sustainably grown food to support schools in providing more freshly prepared meals, $10 million in one-time Proposition 98 funding to recruit and retain school food service workers and $5 million in one-time Proposition 98 funding for a study of ultra-processed foods offered in California school meals.

- *Special Olympics* – $30 million in one-time general funds, available over three years, for the Special Olympics of Northern and Southern California.

- *Mathematics Professional Learning Partnership* – $30 million in one-time Proposition 98 funding for the Mathematics Professional Learning Partnership and for the Kern County Superintendent of Schools to support educator training an mathematics coaching in local educational agencies, including expanding upon collaboration with the Rural Math Collective and training mathematics coaches who can be deployed in schools with the highest need of support.

- *Summer Electronic Benefits Transfer (SUN Bucks)* – $21.9 million in additional ongoing Proposition 98 funding to support the SUN Bucks program, which provides nutrition funding to eligible students during the summer months, to provide a match to an equal amount of federal funds to support the program.

- *Children and Youth Behavioral Health Initiative Grants* – $20 million in one-time Proposition 98 funding to support the implementation of the Children and Youth Behavioral Health Initiative's all-payer fee schedule.

- *Secondary School Redesign Pilot Program* – $10 million in one-time Proposition 98 funding for the California Collaborative of Educational Excellence to administer a pilot program to redesign middle and high schools to better serve the needs of all students and increase student outcomes, and to manage a network of grantees to support peer learning and documentation of practices.

- *TK Multilingual Learner Supplemental Funding* - $7.5 million in one-time Proposition 98 funding, available through fiscal year 2026-27, to mitigate reductions in potential LCFF apportionment to local educational agencies resulting from the exemption of TK students from the English language proficiency assessment.

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

2026-27 Proposed State Budget. On January 9, 2026, the Governor released the proposed State budget for fiscal year 2026-27 (the "Proposed 2026-27 Budget"). The following is drawn from the DOF and LAO summaries of the Proposed 2026-27 Budget.

The Proposed 2026-27 Budget reports that the State experienced a welcome surge in revenues since the 2025-26 State Budget, with a projection approximately $42 billion higher over the three-year budget window, from fiscal year 2024-25 through 2026-27, than the projection at the 2025-26 State Budget. Much of the revenue surge is attributable to a relatively small number of technology companies that have experienced a substantial increase in their share prices due to investor enthusiasm in artificial intelligence. Additionally, the increase in revenues is due to higher cash receipts, higher stock market levels and an improved economic outlook. However, the Proposed 2026-27 Budget reports that the constitutional funding requirements, need for an adequate budget reserve and higher program costs exceed the level of increased revenues, resulting in a projected shortfall of $2.9 billion for fiscal year 2026-27. Despite the

$12 billion in ongoing expenditure reductions included in the 2025-26 State Budget, the State continues to be confronted with structural operating deficits that need to be addressed. The Proposed 2026-27 Budget identifies dominant risks to the State budget as stock market and asset price declines and unpredictable federal policies, including continued uncertainty regarding tariffs and immigration, as well as their impact on inflation, the labor market, investment and overall demand. Additionally, significant federal policy changes for health and human services programs due to the adoption of House of Representatives ("H.R.") 1 of 2025, which increased projected costs for the State's Medicaid Program and Supplemental Nutrition Assistance Program in fiscal year 2026-27 by approximately $1.4 billion. The Proposed 2026-27 Budget reports a balanced budget for fiscal year 2026-27, with a discretionary reserve of $4.5 billion and projects a deficit of roughly $22 billion in fiscal year 2027-28, with additional shortfalls in the two subsequent fiscal years.

The LAO notes that the administration's revenue estimates in the Proposed 2026-27 Budget exceed LAO projections by $25 to $30 billion over the three-year budget window. The LAO revenue projections reflect an assessment that recent gains are unlikely to be sustainable as they are tied to an overheated stock market with a high risk of reversing course into a downturn in the next year or two. The LAO reports that the Proposed 2026-27 Budget relies on the increased revenue forecast in order to remain roughly balanced for fiscal year 2026-27 and continues to project alarming multiyear budget deficits, with estimates ranging between $20 billion to $35 billion annually. The LAO reports that the Proposed 2026-27 Budget does not propose material actions to address downside revenue risk.

For fiscal year 2025-26, the Proposed 2026-27 Budget projects total general fund revenues and transfers of $235.16 billion and authorizes expenditures of $237.66 billion. The State is projected to end the 2025-26 fiscal year with total reserves of approximately $41.3 billion, including $11.33 billion in the BSA, $25.45 billion in traditional general fund reserves and $4.51 billion in the PSSSA. For fiscal year 2026-27, the Proposed 2026-27 Budget projects total general fund revenues and transfers of approximately $227.39 billion and authorizes expenditures of $248.33 billion. The State is projected to end the 2026-27 fiscal year with total reserves of approximately $23 billion, including $4.51 billion in the traditional general fund reserve, $14.35 billion in the BSA and $4.10 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance across both fiscal years 2025-26 and 2026-27.

The Proposed 2026-27 Budget sets total funding in fiscal year 2026-27 for all TK-12 education programs at $149.1 billion, including $88.7 billion from the State general fund and $60.4 billion from other sources. TK-12 per-pupil funding totals $27,418, including $20,427 from Proposition 98 sources. The minimum funding guarantee in fiscal year 2026-27 is set at $125.5 billion. The Proposed 2026-27 Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2024-25 and 2025-26, setting them at $123.8 billion and $121.4 billion, respectively. The revisions to the minimum funding guarantee represent an increase of approximately $21.7 billion over the three-year period relative to the 2025-26 State Budget. For fiscal year 2025-26, the Proposed 2026-27 Budget appropriates $117.6 billion, instead of the currently calculated level of $121.4 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 2025-26. Potential adjustments will be evaluated at the May revision to the Proposed 2026-27 Budget and will not be final until the certification of the 2025-26 minimum funding guarantee. The Proposed 2026-27 Budget projects Test 1 of the guarantee to be in effect for fiscal years 2024-25, 2025-26 and 2026-27, meaning the funding level is equal to roughly 40% 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 2026-27 Budget includes an LCFF COLA of 2.41%. When combined with population growth adjustments, this would result in an increase of roughly

$2 billion in discretionary funds for local educational agencies. The Proposed 2026-27 Budget fully repays budgetary deferrals of $1.9 billion in 2026-27, and includes an ongoing increase of $30.7 million to provide an increase in LCFF for necessary small schools. The Proposed 2026-27 Budget also provides $228 million in ongoing Proposition 98 funding to reflect a 2.41% COLA for specific categorical programs and the LCFF Equity Multiplier. Finally, the Proposed 2026-27 Budget reflects a $15.6 million decrease in ongoing Proposition 98 funding to reflect ADA changes applicable to LCFF funding for county offices of education, as well as a 2.41% COLA.

- *Master Plan for Career Education/Student Support and Professional Development Discretionary Block Grant* – $100 million in one-time Proposition 98 funding to increase access to college and career pathways for high school students, including expanding access to dual enrollment and duel credit opportunities. $2.8 billion in one-time Proposition 98 funding for a discretionary block grant to implement statewide priorities including: professional development for teachers in English language arts and mathematics, teacher recruitment and retention, professional development related to transitional kindergarten and career pathways and dual enrollment expansion consistent with the Master Plan for Career Education. Additionally, $250 million in one-time Proposition 98 funding to continue teacher residency programs through fiscal year 2029-30.
- *Before School, After School and Summer School* – An additional $62.4 million in ongoing Proposition 98 funding to provide a guarantee of $1,800 per pupil for local educational agencies with less than 55 percent unduplicated pupils, bringing the total $4.7 billion in ongoing Proposition 98 funding for the Expanded Learning Opportunities Program.
- *Facilities* –$1.5 billion in one-time funds from bonds issued under Proposition 2 (2024) to support school construction projects in fiscal year 2026-27.
- *Learning Recovery Emergency Block Grant* – $757.3 million in 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.
- *Home-to-School Transportation* – $322 million in one-time and $239.2 million in ongoing Proposition 98 funding to reflect higher costs in the Home-to-School Transportation Program.
- *Kitchen Infrastructure and Training* – $100 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.
- *Reading Difficulties Risk Screening* – $40 million in one-time Proposition 98 funding to support continued implementation of student reading difficulties screenings.
- *Los Angeles County Wildfire Recovery* – $22.9 million in one-time Proposition 98 funding to support local educational agencies that are continuing to recover from the January 2025 Los Angeles County wildfires.
- *Universal and Targeted Assistance* – An additional $13.3 million ongoing Proposition 98 funding, for a total of $131.9 million ongoing, for county offices of education to provide universal and targeted support to school districts and charter schools, including those eligible for differentiated assistance.
- *Financial Crisis and Management Assistance Team (FCMAT)* – $994,000 in additional ongoing Proposition 98 funding to support increased FCMAT workload.

- *Nutrition* – An ongoing decrease of $67.9 million in ongoing Proposition 98 funding to fully fund the Universal School Meals Program, reflecting a reduction in fiscal year 2025-26 estimates compared to the 2025-26 State Budget and an increase in meal reimbursement rates.
- *Local Property Tax Adjustments* – A decrease of $1.4 billion in fiscal year 2026-27 and $18 million in fiscal year 2025-26 in ongoing Proposition 98 funding for school districts and county offices of education.
- *Technology Initiatives* – $629,000 in additional ongoing Proposition 98 funding to support the K-12 High Speed Network program and $966,000 in additional ongoing Proposition 98 funding to support increased California School Information System costs.
- *Curriculum-Embedded Performance Tasks for Science* – $890,000 in ongoing Proposition 98 funding to maintain performance task resources at the Los Angeles County Office of Education in support of inquiry-based science instruction.

For additional information regarding the Proposed 2026-27 Budget, see the DOF and LAO websites www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

May Revision. On May 15, 2026, the Governor released his May revision (the "May Revision") to the Proposed 2026-27 Budget. The following information is drawn from the DOF summary of the May Revision.

The May Revision reports that estimated State general fund revenues from the three largest sources (personal income, corporate and sales and use taxes) are $16.5 billion higher than projected by the Proposed 2026-27 Budget, over the three-year budget window. The May Revision attributes the increase principally to higher personal income tax collections (accounting for approximately $13.6 billion), boosted by a 2025 spike in capital gains realizations reflecting higher cash receipts through April of 2026. The new revenue forecast reflects a slightly upgraded stock market outlook, combined with a relative unchanged economic outlook.

While higher projected revenues allow for the State budget to be balanced in fiscal year 2026-27, the May Revision notes that additional measures are necessary to achieve a balanced budget over the subsequent two fiscal years. To achieve this, the May Revision includes series of revenue and spending solutions which are projected to result in an operating reserve of $4.5 billion in fiscal year 2026-27 and $2.1 billion in fiscal year 2027-28.

To assist in providing for a positive operating balance in fiscal year 2027-28, the May Revision provides for a transfer of $9.7 billion to the Projected Surplus Temporary Holding Account (the "Surplus Holding Account"). Created in 2004 by Assembly Bill 179, the Surplus Holding Account allows the State to set aside a portion of anticipated surplus funds and allocate them in a subsequent fiscal year. State leaders have broad authority to determine whether or how to use the Surplus Holding Account. The only requirement is that revenues that go into the account cannot remain there for longer than one year. If State revenues materialize as projected, the revenues in the account may be spent for any purpose or transferred back to the State general fund for future use.

Building on the Proposed 2026-27 Budget, other spending and revenue measures included in the May Revision include the following:

- *Reductions* – $411 million in reductions in fiscal year 2026-27, growing to $711.9 million by 2029-30, including (i) reimposing Medi-Cal asset test limits for certain seniors and disabled persons, and (ii) increasing monthly premiums for adults with unsatisfactory immigration status.

- *Revenues* – $3.6 billion in total revenue measures in fiscal year 2026-27, growing to $5.1 billion in fiscal year 2027-28 and decreasing slightly to $4.4 billion by fiscal year 2029-30, including (i) permanently limiting the use of certain business tax credits, (ii) taxation of digital prewritten software and software as a service, and (iii) support from the managed care organization tax.

- *General Fund Offsets* – $390.7 million in total general fund offsets in fiscal year 2026-27, decreasing slightly to $256.6 million by fiscal year 2029-30, including offsetting State general fund costs with funding from the Behavioral Health Services Fund.

For fiscal year 2025-26, the May Revision projects total general fund revenues and transfers of $245.4 billion and authorizes expenditures of $245.8 billion. The State is projected to end fiscal year 2025-26 with total reserves of approximately $49.9 billion, including $11.5 billion in the BSA, $10.3 billion in the PSSSA and $28.2 billion in the traditional general fund reserve. For fiscal year 2026-27, the May Revision projects total general fund revenues and transfers of $222.9 billion and authorizes expenditures of $246.6 billion. The State is projected to end fiscal year 2026-27 with total reserves of approximately $29.9 billion, including $4.5 billion in the traditional general fund reserve, $10.3 billion in the PSSSA and $15.1 billion in the BSA. The Safety Net Reserve is projected to have a zero balance across both fiscal years.

The May Revision sets total funding in fiscal year 2026-27 for all TK-14 education programs at $151.6 billion, including $91.3 billion from the State general fund and $60.3 billion from other sources. The minimum funding guarantee in fiscal year 2026-27 is set at $127.1 billion. The May Revision also makes retroactive changes to the minimum funding guarantee in fiscal years 2024-25 and 2025-26 based on revised estimates of State general fund revenues, setting them at $124.9 billion and $125.1 billion, respectively. The revisions to the minimum funding guarantee represent an increase of approximately $28 billion over the three-year period relative to the 2025-26 State Budget, and an increase of $6.4 billion relative to the Proposed 2026-27 Budget. The May Revision projects that Test 1 of the guarantee to be in effect for fiscal years 2024-25 through 2026-27, meaning the funding level is equal to roughly 40% of State general fund revenues that count towards the minimum funding guarantee. This percentage is not reduced to reflect enrollment adjustments, which increases per-pupil spending.

Much of the increase in the minimum funding guarantee in fiscal year 2024-25 relates to a $8.3 billion maintenance factor payment due in that year. The May Revision also makes a settle-up payment of $1.9 billion in fiscal year 2024-25, completely paying off the liability due for that fiscal year. The May Revision creates a $3.9 billion settle-up amount in fiscal year 2025-26. If, in spring of 2027, revenues remain at the same or higher levels for fiscal year 2025-26, the State legislature will be required to pay this amount back to TK-14 school districts and will need to schedule this payment in State budgetary legislation for fiscal year 2027-28, either from available funds or scheduled over multiple fiscal years.

In addition, adjustments in capital gains revenues as of the May Revision are projected to eliminate a mandatory withdrawal from the PSSSA in fiscal year 2026-27 that was projected by the Proposed 2026-27 Budget, and require mandatory deposits across the three-year budget window totaling $8.7 billion. The May Revision also proposes to increase the discretionary deposit in fiscal year 2025-26 to $1.6 billion, resulting in a final balance in that year of $10.3 billion. Much of the overall increase in the minimum funding guarantee across the three-year budget window is allocated to the deposits authorized to be made to the PSSSA.

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

- *LCFF* – The May Revision includes an LCFF COLA of 2.87%, up from 2.41% included in the Proposed 2026-27 Budget. When combined with population growth adjustments, this would result in an increase of roughly $1.3 billion in discretionary funds for local educational agencies as compared to the 2025-26 State Budget. The May Revision includes an additional $906.7 million in discretionary funding for the LCFF funding, resulting in a total COLA (statutory and discretionary) of 4.31%. These additional funds are intended to help local educational agencies manage rising costs, offset funding restrictions related to declining enrollment and fund a new requirement for paid pregnancy disability leave (see below). The May Revision also provides $261 million in ongoing Proposition 98 funding to reflect a 2.87% COLA for specific categorical programs and the LCFF Equity Multiplier. Finally, the May Revision reflects an additional $48.6 million in ongoing Proposition 98 funding above that provided by the Proposed 2025-26 State Budget to reflect ADA changes applicable to LCFF funding for county offices of education, as well as provide a 4.31% COLA.
- *Special Education* – An additional ongoing special education base rate investment of $1.8 billion. In total, this represents a nearly $2.4 billion increase in special education funding, or 43%, over the 2025-26 State Budget.
- *Student Support and Professional Development Discretionary Block Grant* – The May Revision updates the amount of one-time Proposition 98 funding available for the Student Support and Professional Development Discretionary Block, from $2.8 billion to $5 billion.
- *Paid Pregnancy Leave* – The May Revision requires all TK-12 local educational agencies and community college districts to provide employees with up to 14 weeks of paid pregnancy disability leave beginning in 2026-27. The May Revision projects that the costs of this benefit are absorbable within the 1.4% discretionary LCFF COLA.
- *Community Schools* – $485 million of reappropriated funds, for a total of $1.485 billion in ongoing Proposition 98 funding, to expand community schools, which partner with educational, county and nonprofit entities to provide integrated health, trauma-informed mental health, social services and academic supports.
- *Literacy and Math Instruction* – An increase of $428.8 million in one-time funding for the Literacy Coaches and Reading Specialists Grant Program, which provides funding to high-poverty schools to hire literacy and reading specialists and coaches, to support educators in developing practices and interventions for students with the highest need. The May Revision also provides $11.2 million for the Literacy Coaches and Reading Specialists Educator Training Grant, which provides training and support for literacy coaches. Finally, the May Revision provides an additional $60 million in one-time Proposition 98 funding to expand the reach of the Mathematics Professional Learning Partnership with local educational agencies.
- *Teacher Preparation and Professional Development* – $30 million in one-time Proposition 98 funding for the statewide teacher residency technical assistance center, which provides support to local educational agencies in implementing, expanding and sustaining teacher residency programs. The May Revision also provides $16.2 million in ongoing federal special education funds and $1.6 million in one-time federal Title II funds for the Golden

State Teacher Grant program. Finally, the May Revision provides $15 million in one-time Proposition 98 funding to expand and enhance offerings through the 21st Century California School Leadership Academy program, which provides no-cost, high quality professional learning to education leaders and administrators to support improved student outcomes.

- *Student Homelessness* – $30 million in one-time Proposition 98 funding for grants for local educational agencies to increase identification of and improvement outcomes for students experiencing homelessness.
- *Holocaust and Genocide Education* - $10 million in one-time Proposition 98 funding for the Holocaust and Genocide Education Grant program to support professional development and provide resources on Holocaust and genocide education.
- *Nutrition* – $2.8 million in additional ongoing Proposition 98 funding to fully fund the universal school meals program by 2026-27.

For additional information regarding the May Revision, see the DOF website at www.dof.ca.gov. However, the information presented on such website 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 Districts for the payment of principal of and interest on the Bonds would not be impaired.

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School District Debt Structure

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

SCHEDULE OF LONG TERM DEBT
as of June 30, 2025
Folsom Cordova Unified School District

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
General Obligation Bonds	$470,820,349	$72,000,000	$12,403,169	$530,417,180
Unamortized Premium	27,146,124	2,706,410	1,221,262	28,631,272
Accreted Interest on General Obligation Bonds	67,704,206	6,099,414	8,511,832	65,291,788
Capitalized Lease Obligation	--	--	--	--
Net OPEB Liability	10,625,365	200,028	--	10,825,393
Net Pension Liability	246,561,739	--	6,891,739	239,670,000
Compensated Absences	1,487,457	375,600	--	1,863,057
Total	$824,345,240	$81,381,452	$29,028,002	$876,698,690

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 Districts, pursuant to voter-approved authorizations. The School District has also issued general obligation refunding bonds to refinance certain of such bonds. The table on the following page summarizes the outstanding prior bond issuances of the School District, not including the Bonds.

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Issuance	Initial Principal Amount	Principal Outstanding	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	$811,554.50	July 1, 2002
Election of 2002, Series B	30,998,849.20	3,338,193.05	December 1, 2004
Folsom Cordova Unified School District School Facilities Improvement District No. 2 ("Improvement District No. 2")			
Election of 2002, Series A	$36,996,422.10	$1,660,745.80	July 1, 2002
2020 Refunding Bonds, Series A	7,150,000.00	4,610,000.00	November 10, 2020
Improvement District No. 3			
Election of 2007, Series A	$24,998,630.35	$7,273,029.55	November 8, 2007
Election of 2007, Series B	10,550,225.55	7,879,313.45	December 3, 2009
Election of 2007, Series C(1)	10,000,000.00	8,740,000.00	December 22, 2016
2017 Refunding Bonds, Series A	8,525,000.00	2,990,000.00	February 22, 2017
Election of 2007, Series D(1)	150,000,000.00	149,490,000.00	July 31, 2019
Improvement District No. 4			
Election of 2006, Series A	$39,995,205.05	$11,810,788.35	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	13,350,000.00	August 13, 2015
Election of 2012, Series C(1)	13,000,000.00	11,135,000.00	December 22, 2016
2017 Refunding Bonds, Series B	21,765,000.00	18,220,000.00	February 22, 2017
2020 Refunding Bonds, Series B	24,015,000.00	21,295,000.00	November 10, 2020
2025 Refunding Bonds, Series A	10,385,000.00	10,385,000.00	July 8, 2025
Election of 2024 General Obligation Bonds, Series A (Measure R)	36,000,000.00	36,000,000.00	May 22, 2025
Election of 2024 General Obligation Bonds, Series A (Measure S)	36,000,000.00	36,000,000.00	May 22, 2025
Improvement District No. 5			
Election of 2014, Series A	$40,000,000.00	$6,865,000.00	August 13, 2015
Election of 2014, Series B(1)	60,000,000.00	56,370,000.00	December 22, 2016
Election of 2014, Series C	95,000,000.00	89,875,000.00	May 10, 2018
2025 Refunding Bonds, Series B	17,040,000.00	17,040,000.00	July 8, 2025

(1) As of June 1, 2026. Includes principal of the Refunded Bonds expected to be refinanced with the proceeds of the Refunding Bonds.

Source: Municipal Advisor.

Improvement District No. 1 – General Obligation Bonds. The following table illustrates 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
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	$3,250,000.00	$11,855,000.00	$15,105,000.00

Improvement District No. 2 – General Obligation Bonds. The following table illustrates 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
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	$6,650,000.00	$4,845,200.00	$11,495,200.00

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, including the Series A Refunding Bonds, 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 (Oct. 1)	Election of 2007 Series A Bonds	Election of 2007 Series B Bonds	Election of 2007 Series C Bonds[1]	2017 Refunding Bonds, Series A	Election of 2007 Series D Bonds[1]	Series A Refunding Bonds
2026	$2,985,000.00	$3,025,000.00	$193,943.75	$133,200.00	$1,810,900.00	
2027	2,980,000.00	3,050,000.00	737,887.50	132,200.00	3,621,800.00	
2028	2,875,000.00	3,425,000.00	735,387.50	131,575.00	3,621,800.00	
2029	2,825,000.00	3,400,000.00	737,137.50	135,668.76	4,076,800.00	
2030	2,725,000.00	3,745,000.00	737,887.50	134,581.26	4,238,600.00	
2031	2,785,000.00	3,850,000.00	737,637.50	133,493.76	4,493,200.00	
2032	2,810,000.00	4,365,000.00	736,387.50	132,406.26	4,386,600.00	
2033	--	6,980,000.00	739,137.50	131,318.76	5,027,800.00	
2034	--	4,885,000.00	735,637.50	2,865,231.26	4,847,000.00	
2035	--	--	721,137.50	--	11,566,000.00	
2036	--	--	724,887.50	--	12,479,000.00	
2037	--	--	912,062.50	--	13,222,400.00	
2038	--	--	911,331.26	--	14,181,000.00	
2039	--	--	914,362.50	--	15,149,400.00	
2040	--	--	910,950.00	--	16,140,000.00	
2041	--	--	916,300.00	--	17,149,600.00	
2042	--	--	--	--	--	
2043	--	--	--	--	--	
2044	--	--	--	--	--	
Total	$19,985,000.00	$36,725,000.00	$12,102,075.01	$3,929,675.06	$136,011,900.00	

* Preliminary, subject to change.
(1) Includes debt service on the Prior Improvement District No. 3 Bonds expected to be refinanced with proceeds of the Series A Refunding Bonds.

Improvement District No. 4 General Obligation Bonds. The following table illustrates the debt service requirements on the outstanding general obligation bonds for Improvement District No. 4, 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	Election of 2012 Series C Bonds[1]	2017 Refunding Bonds, Series B	2020 Refunding Bonds, Series B	2024 Refunding Bonds, Series A	Election of 2024 Series A Bonds (Measure R)	Election of 2024 Series A Bonds (Measure S)	Series B Refunding Bonds
2026	$3,920,000.00	--	$996,143.76	$272,622.22	$1,793,200.00	$1,547,672.50	$519,250.00	$5,101,412.50	$5,028,012.50	
2027	4,160,000.00	--	497,393.76	673,500.00	1,902,200.00	1,607,972.50	1,034,250.00	4,786,912.50	4,787,612.50	
2028	4,410,000.00	--	1,147,393.76	684,250.00	2,013,200.00	1,670,572.50	493,500.00	1,384,312.50	1,396,412.50	
2029	4,675,000.00	--	1,216,268.76	674,000.00	2,131,700.00	1,735,322.50	493,500.00	1,384,312.50	1,396,412.50	
2030	4,950,000.00	--	1,281,293.76	683,750.00	2,267,300.00	1,807,072.50	493,500.00	1,384,312.50	1,396,412.50	
2031	5,250,000.00	--	422,243.76	682,500.00	2,402,050.00	1,880,522.50	1,383,500.00	1,384,312.50	1,396,412.50	
2032	5,560,000.00	--	1,477,243.76	685,750.00	2,545,800.00	1,954,772.50	449,000.00	1,384,312.50	1,396,412.50	
2033	--	$215,000.00	384,000.00	698,250.00	7,649,200.00	2,034,462.50	1,569,000.00	1,384,312.50	1,396,412.50	
2034	--	8,895,000.00	384,000.00	699,500.00	--	2,114,902.50	1,653,000.00	1,384,312.50	1,396,412.50	
2035	--	--	384,000.00	700,000.00	--	2,195,742.50	1,730,000.00	1,384,312.50	1,396,412.50	
2036	--	--	384,000.00	694,750.00	--	2,286,617.50	1,820,000.00	1,729,312.50	1,746,412.50	
2037	--	--	384,000.00	699,000.00	--	2,376,887.50	1,912,000.00	1,795,337.50	1,810,412.50	
2038	--	--	384,000.00	702,250.00	--	2,471,137.50	2,005,500.00	1,866,687.50	1,879,312.50	
2039	--	--	4,989,000.00	699,500.00	--	--	--	1,937,812.50	1,952,512.50	
2040	--	--	5,194,800.00	691,000.00	--	--	--	2,008,437.50	2,029,412.50	
2041	--	--	--	6,132,000.00	--	--	--	2,088,287.50	2,104,412.50	
2042	--	--	--	--	--	--	--	2,166,537.50	2,182,212.50	
2043	--	--	--	--	--	--	--	2,247,912.50	2,267,212.50	
2044	--	--	--	--	--	--	--	2,334,637.50	2,352,362.50	
2045	--	--	--	--	--	--	--	2,421,887.50	2,443,112.50	
2046	--	--	--	--	--	--	--	2,516,637.50	2,536,912.50	
2047	--	--	--	--	--	--	--	2,613,137.50	2,634,125.00	
2048	--	--	--	--	--	--	--	2,710,887.50	2,734,325.00	
2049	--	--	--	--	--	--	--	2,814,387.50	2,834,668.76	
2050	--	--	--	--	--	--	--	2,921,525.00	2,946,918.76	
2051	--	--	--	--	--	--	--	3,030,618.76	3,055,200.00	
2052	--	--	--	--	--	--	--	3,148,093.76	3,171,125.00	
2053	--	--	--	--	--	--	--	3,267,562.50	3,291,700.00	
2054	--	--	--	--	--	--	--	3,376,531.26	3,396,250.00	
Total	$32,925,000.00	$9,110,000.00	$19,525,781.32	$16,072,622.22	$22,704,650.00	$25,683,657.50	$15,556,000.00	$67,959,056.28	$68,355,525.02	

* Preliminary, subject to change.
(1) Includes debt service on the Prior Improvement District No. 4 Bonds expected to be refinanced with proceeds of the Series B Refunding Bonds.

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, including the Series C Refunding 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. 5

Period Ending October 1	Election of 2014 Series A Bonds	Election of 2014 Series B Bonds[(1)]	Election of 2014 Series C Bonds	2024 Refunding Bonds, Series B	Series C Refunding Bonds
2026	$967,400.00	$1,295,900.00	$4,747,750.00	$852,000.00	
2027	227,150.00	4,051,800.00	4,685,500.00	1,522,000.00	
2028	1,157,150.00	4,188,800.00	4,898,500.00	818,500.00	
2029	1,236,925.00	4,330,300.00	5,123,000.00	818,500.00	
2030	1,316,825.00	4,475,550.00	5,354,800.00	818,500.00	
2031	121,400.00	4,628,800.00	5,594,600.00	1,943,500.00	
2032	121,400.00	4,779,050.00	5,851,600.00	2,037,250.00	
2033	121,400.00	4,940,800.00	6,114,600.00	2,128,500.00	
2034	121,400.00	5,102,800.00	6,397,800.00	2,222,000.00	
2035	121,400.00	6,669,300.00	5,294,800.00	2,322,250.00	
2036	121,400.00	5,449,300.00	6,990,400.00	2,428,500.00	
2037	121,400.00	5,632,800.00	7,304,200.00	2,535,000.00	
2038	121,400.00	5,822,050.00	7,633,600.00	2,646,250.00	
2039	121,400.00	6,016,987.50	7,977,200.00	2,761,500.00	
2040	3,156,400.00	6,219,925.00	8,332,800.00	--	
2041	--	8,089,800.00	10,326,800.00	--	
2042	--	--	19,155,800.00	--	
2043	--	--	16,062,800.00	--	
Totals	$9,154,450.00	$81,693,962.50	$137,846,550.00	$25,854,250.00	

* Preliminary, subject to change.
(1) Includes debt service on the Prior Improvement District No. 5 Bonds expected to be refinanced with proceeds of the Series C Refunding Bonds.

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 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 (and original issue discount) 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 BEING IMPOSED 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 opinions 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 Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) 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 (and original issue discount) 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.

Copies of the proposed forms of opinions of Bond Counsel for the Bonds is attached hereto as APPENDIX F.

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 I – 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 F 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 each of the Improvement Districts (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 2025-26 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 G – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriters 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 F, 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 Districts or the School District or contesting the Improvement Districts' 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, 2025, 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 D. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX D 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.

Escrow Verification

Upon delivery of the Bonds, Causey Public Finance LLC, Denver, Colorado, will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions assumptions provided to them relating to the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the redemption prices of the Refunded Bonds and interest thereon through their respective redemption dates.

RATINGS

The Series A Refunding Bonds have been assigned a rating of "Aa3" by Moody's, with a stable outlook. The Series B Refunding Bonds have been assigned a rating of "Aa2" by Moody's, with a stable outlook. The Series C Refunding Bonds have been assigned a rating of "Aa2" by Moody's, with a stable outlook.

The ratings reflect only the views of Moody's, and any explanation of the significance of such ratings should be obtained therefrom. There is no assurance that the ratings 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 ratings 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 G – 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 ratings changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

Purchase of the Bonds. Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds (the "Series A Notice Inviting Proposals"), the Series A Refunding Bonds were awarded to _____________________, as underwriter therefor ("Series A Underwriter"), at a True Interest Cost of ___%. The Series A Underwriter will purchase all of the Series A Refunding Bonds for a purchase price of $___________ (which is equal to the principal amount of the Series A Refunding Bonds of $_________, plus [net] original issue premium of $___________, and less $_________ of underwriting discount).

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds (the "Series B Notice Inviting Proposals"), the Series B Refunding Bonds were awarded to _____________________, as underwriter therefor (the "Series B Underwriter"), at a True Interest Cost of ___%. The Series B Underwriter will purchase all of the Series B Refunding Bonds for a purchase price of $___________ (which is equal to the principal amount of the Series B Refunding Bonds of $_________, plus [net] original issue premium of $___________, and less $_________ of underwriting discount).

Pursuant to the terms of a Notice Inviting Proposals for Purchase of Bonds (the "Series C Notice Inviting Proposals," and together with the Series A Notice Inviting Proposals and the Series B Notice Inviting Proposals, the "Notices Inviting Proposals"), the Series C Refunding Bonds were awarded to _____________________, as underwriter therefor (the "Series C Underwriter," and together with the Series A Underwriter and the Series B Underwriter, the "Underwriters"), at a True Interest Cost of ___%. The Series C Underwriter will purchase all of the Series C Refunding Bonds for a purchase price of $___________ (which is equal to the principal amount of the Series C Refunding Bonds of $_________, plus [net] original issue premium of $___________, and less $_________ of underwriting discount).

The Notices Inviting Proposals provide that each Underwriter will purchase all of the respective series of Bonds that such Underwriter is awarded, if any are purchased. The initial offering prices stated on the inside cover pates of this Official Statement may be changed from time to time by the respective Underwriter thereof. Each Underwriter may offer and sell the respective series of the Bonds such Underwriter is awarded 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 Bond 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 each of the Improvement Districts 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 IMPROVEMENT DISTRICT NO. 3

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BOUNDARY OF
FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 3

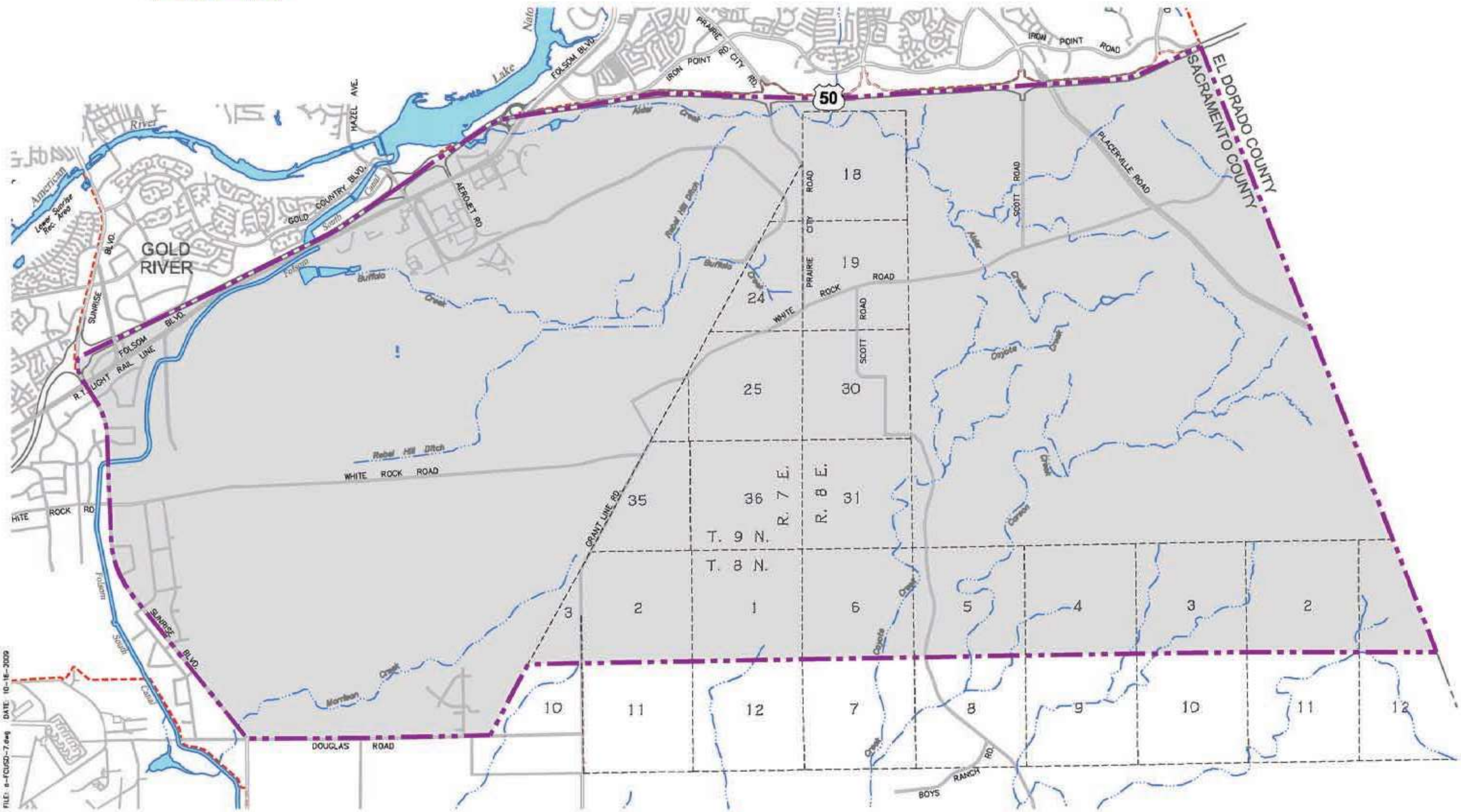
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

OCTOBER 2009

SCHOOL FACILITIES
IMPROVEMENT DISTRICT 3:

Folsom and Rancho Cordova City Limit Boundaries

Territory of S.F.I.D. No. 3



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APPENDIX B

BOUNDARY MAP OF IMPROVEMENT DISTRICT NO. 4

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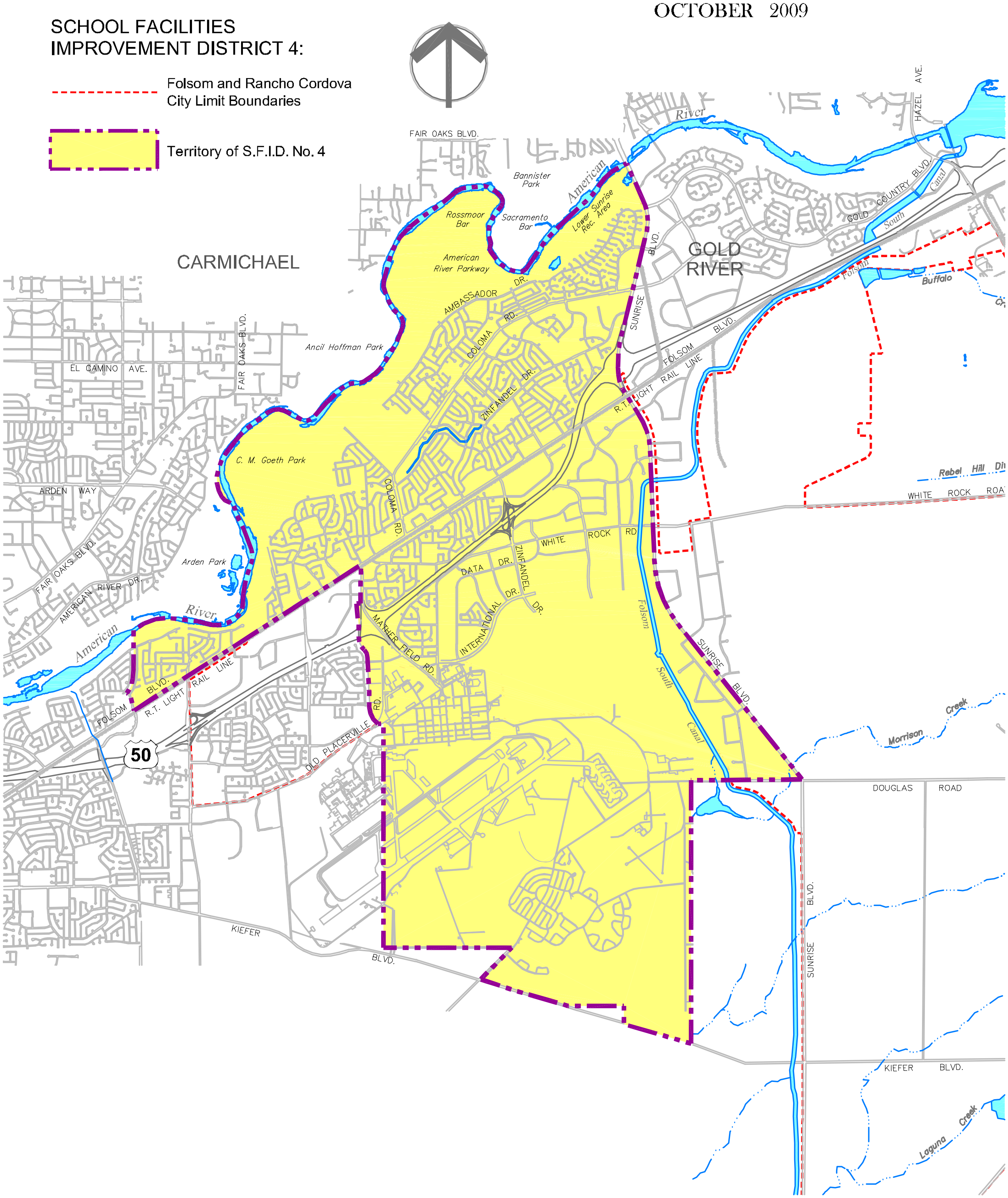
BOUNDARY OF

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 4

COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

OCTOBER 2009



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APPENDIX C

BOUNDARY MAP OF IMPROVEMENT DISTRICT NO. 5

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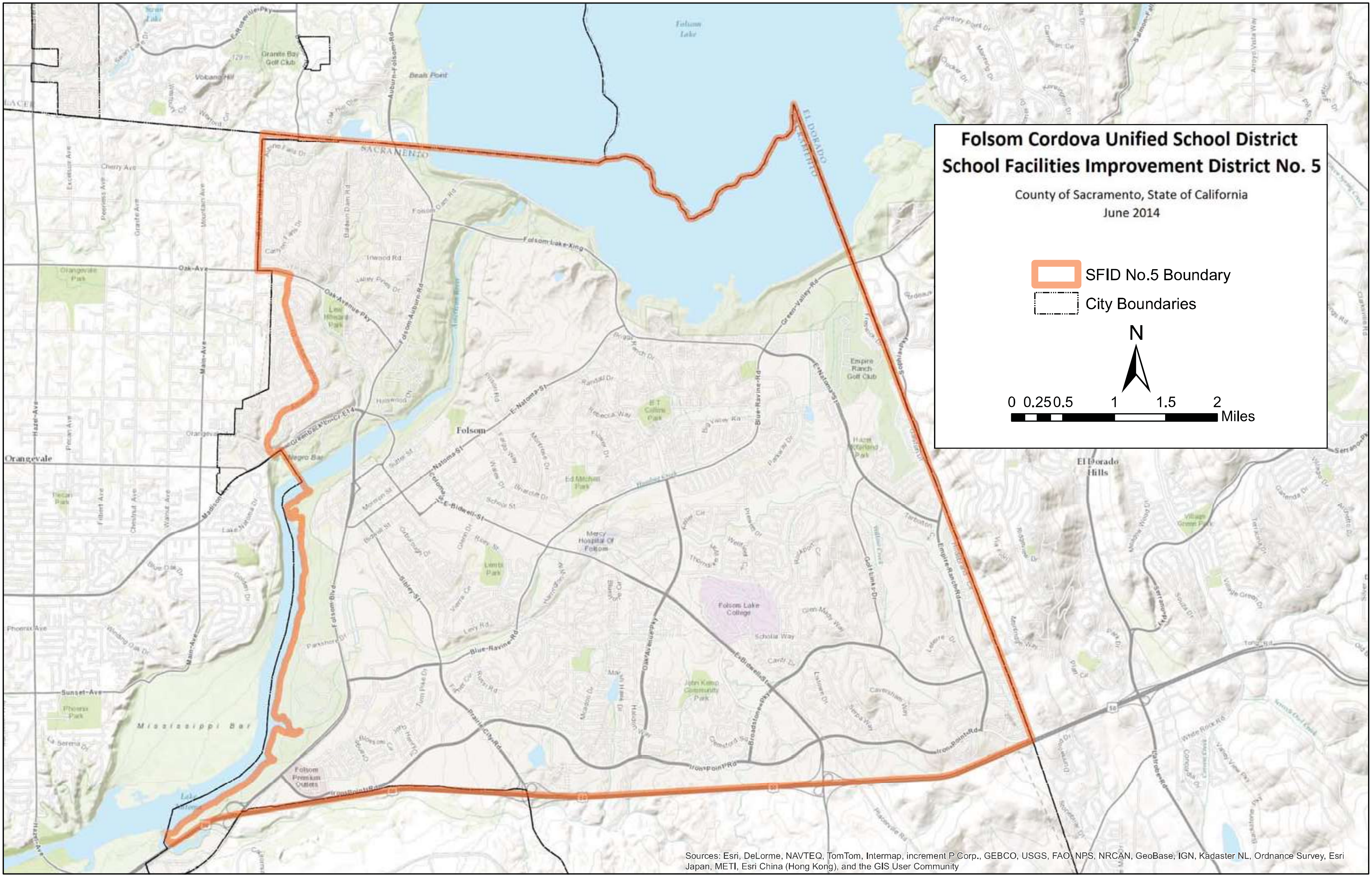

Folsom Cordova Unified School District
School Facilities Improvement District No. 5
County of Sacramento, State of California
June 2014
SFID No.5 Boundary
City Boundaries
N
0 0.25 0.5 1 1.5 2
Miles
Folsom Lake
Folsom
El Dorado Hills
Orangevale
Mississippi Bar
Folsom Lake College
Mercy Hospital Of Folsom
Empire Ranch Golf Club
Folsom Premium Outlets
Sources: Esri, DeLorme, NAVTEQ, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), and the GIS User Community

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APPENDIX D

THE 2024-25 AUDITED FINANCIAL STATEMENTS OF THE SCHOOL DISTRICT

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FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2025

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

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

CONTENTS

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Folsom Cordova Unified School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Folsom Cordova Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Folsom Cordova Unified School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Folsom Cordova Unified School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Folsom Cordova Unified School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 10 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Net Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 48 to 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Folsom Cordova Unified School District’s basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked “unaudited”, was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the Folsom Cordova Unified School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Folsom Cordova Unified School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Folsom Cordova Unified School District’s internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 12, 2025

Management Discussion & Analysis

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

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

Financial Reports

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

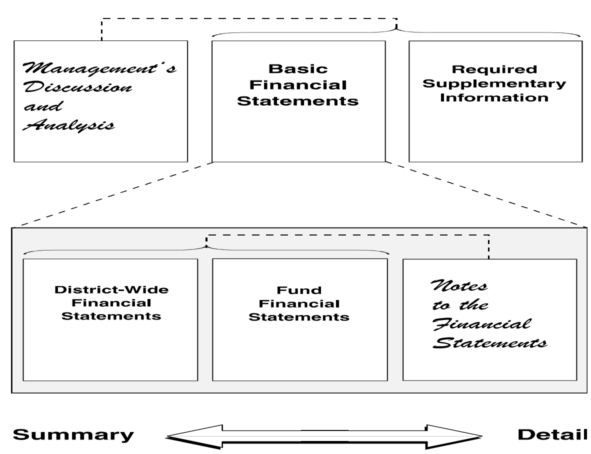
Overview of the Financial Statements

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

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

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

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



District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

Statement of Net Position

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

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

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

Statement of Activities

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

Financial Condition of General Fund

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

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

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

Capital Assets

At year-end, the District has invested $1,152,039,848 in modernization and construction from the following combined sources for 2024-2025.

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

District Indebtedness

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

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

Estimated Actuals to Unaudited Actual Analysis

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

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

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

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

Factors Bearing on The District's Future

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

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

BASIC FINANCIAL STATEMENTS

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

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

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

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

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, 2025

Total fund balances - Governmental Funds		$ 384,992,394
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.The cost of the assets is $1,152,039,848 and the accumulated depreciation is $433,130,607 (Note 4).		718,909,241
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2025 consisted of (Note 5):		
General Obligation Bonds	$ (530,417,180)	
Unamortized premium	(28,631,272)	
Accreted interest	(65,291,788)	
Net OPEB liability (Note 9)	(10,825,393)	
Net pension liability (Notes 7 and 8)	(239,670,000)	
Compensated absences	(1,863,057)	
		(876,698,690)
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.		3,915,358
In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7, 8 and 9).		
Deferred outflows of resources relating to pensions	$ 106,410,069	
Deferred outflows of resources relating to OPEB	1,381,342	
Deferred inflows of resources relating to OPEB	(10,386,058)	
Deferred inflows of resources relating to pensions	(27,676,200)	
		69,729,153
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.		(4,443,271)
Total net position - governmental activities		$ 296,404,185

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES GOVERNMENTAL FUNDS
For the year ended June 30, 2025

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

See accompanying notes to financial statements.

Net change in fund balances - Total Governmental Funds		$ 61,025,609
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 36,458,905	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(39,756,071)	
Losses on the refunding of debt are recognized as expenditures in the period they are incurred. In the government-wide statements, they are categorized as deferred outflows and are amortized over the life of the related debt.	(380,964)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	12,403,169	
Proceeds from debt are recognized as other financing sources in the governmental funds but increases the long-term liabilities in the statement of net position (Note 5).	(72,000,000)	
Debt issue premiums are recognized as revenues in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt (Note 5).	(1,485,148)	
Accretion of interest is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 5).	2,412,418	
Other postemployment benefits (OPEB) costs are recognized when employer contributions are made in the governmental net position (Notes 5 and 9).	417,799	
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	247,832	
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8):	3,861,471	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	(375,600)	(58,196,189)
Change in net position of governmental activities		$ 2,829,420

See accompanying notes to financial statements.

STATEMENT OF NET POSITION - PROPRIETARY FUND
STUDENT CARE CENTER FUND
June 30, 2025

ASSETS	
Current assets:	
Cash and investments (Note 2)	
Cash in County Treasury	$ 2,527,277
Cash in Bank	160,670
Receivables	62,664
Total current assets	2,750,611
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	776,201
LIABILITIES	
Current liabilities:	
Accounts payable	8,314
Due to other funds (Note 3)	49,771
Total current liabilities	58,085
Net pension liability - long-term (Notes 7 and 8)	2,210,000
Total liabilities	2,268,085
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	15,800
NET POSITION	
Unrestricted	$ 1,242,927

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUND
STUDENT CARE CENTER FUND
For the Year Ended June 30, 2025

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

See accompanying notes to financial statements.

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
STUDENT CARE CENTER FUND
For the year ended June 30, 2025

Cash flows from operating activities:	
Cash received for children center fees	$ 3,404,464
Cash paid for operating expenses	(298,388)
Cash paid for salaries and employee benefits	(2,235,681)
Net cash provided by operating activities	870,395
Cash flows provided by noncapital financing activities:	
Transfers out to other funds	(1,881,079)
Cash flows provided by investing activities:	
Interest income	140,379
Change in cash and investments	(870,305)
Cash and investments, July 1, 2024	3,558,252
Cash and investments, June 30, 2025	$ 2,687,947
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 4,730,352
Adjustments to reconcile operating income to net cash provided by operating activities:	
Decrease in:	
Receivables	10,664
Deferred outflows of resources	1,296,837
(Decrease) in:	
Accounts payable	(681)
Net pension liability	(2,554,261)
Deferred inflows of resources	(2,612,516)
Total adjustments	(3,859,957)
Net cash provided by operating activities	$ 870,395

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.

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B - Other Funds

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

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

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

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

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

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

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

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

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

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The District has allocated $2,210,000 of the District's proportionate share of the PERF B net pension liability and related deferred inflows of resources and outflows of resources to the District's business-type activities.

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Net Position: Net position is displayed in three components:

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

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

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

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Committed Fund Balance:

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

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances.

E - Unassigned Fund Balance:

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

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

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

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

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

(Continued)

NOTE 2 – CASH AND INVESTMENTS

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

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

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

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2025, the carrying amount of the District's accounts were $3,991,200, and the bank balances were $4,008,366, of which $500,000 was insured.

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

Cash with Fiscal Agent in the Building Fund represents funds held by Fiscal Agents restricted for capital projects and repayment of General Obligation Bonds. The District holds their funds with the Sacramento County Treasurer. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025, the District had no concentration of credit risk.

(Continued)

NOTE 3 – INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2025 were as follows:

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

(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 2024-2025 fiscal year were as follows:

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

(Continued)

NOTE 4 – CAPITAL ASSETS

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

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

Depreciation expense was charged to governmental activities as follows:

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

(Continued)

NOTE 5 – LONG-TERM LIABILITIES

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

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

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

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

(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 4.0% to 5.0%.

In July 2015, the District issued Election of 2012 General Obligation Bonds, Series B in an aggregate principal amount of $30,000,000 maturing through October 2040, with interest rates from 3.25% to 5.0%.

In October 2009, the District issued Election of 2007 General Obligation Bonds, Series B and Election of 2006, General Obligation Bonds, Series B current interest and capital appreciation bonds in an aggregate principal amount of $44,138,852 maturing through October 2035, with interest rates from 2.0% to 6.50%. With the issuance of the 2017 General Obligation Refunding Bonds, Series A and B in January 2017, $8,585,000 and $22,165,000 of the Series A and Series B, respectively, current interest bonds were refunded on a crossover basis.

In January 2014, the District issued 2014 General Obligation Refunding Bonds to refund a portion of the 2002 General Obligation Bonds, Series A and pay the costs of issuance. The Refunding Bonds of $40,000,000 mature through October 2040, with interest rates from 2.0% to 5.0%.

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

In January 2016, the District issued Election of 2014 General Obligation Bonds, Series B in an aggregate principal amount of $83,000,000 maturing through October 2041, with interest rates from 1.50% to 5.0%.

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

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

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

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

NOTE 5 – LONG-TERM LIABILITIES (Continued)

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

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

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

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

Business-Type Activities:	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Amounts Due Within One Year
Net pension liability (Notes 7 and 8)	$ 4,764,261	$ -	$ 2,554,261	$ 2,210,000	$ -

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

(Continued)

NOTE 6 – FUND BALANCES

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

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

(Continued)

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

General Information about the State Teachers' Retirement Plan

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

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

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

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

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

CalSTRS calculates retirement benefits based on one-year final compensation for members with 25 or more years of credited service, or for classroom teachers with fewer than 25 years of credited service if the employer entered into, extended, renewed or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One-year final compensation is the member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis. For most members with fewer than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months based on the creditable compensation that the member could earn in a school year while employed on a full-time basis.

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 136,137,000
State's proportionate share of the net pension liability associated with the District	62,461,000
Total	$ 198,598,000

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

(Continued)

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

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

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

$26,935,190 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2026	$ (8,200,800)
2027	$ 12,531,200
2028	$ 2,241,700
2029	$ 5,202,034
2030	$ 3,811,533
2031	$ 590,333

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2024 measurement date. Deferred outflows and deferred inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to the actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

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

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

Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

* 20- to 30-year geometric average

(Continued)

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

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

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

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

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

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

General Information about the Public Employer's Retirement Fund B

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

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

Benefits Provided: The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. All non-state Second Tier members are eligible to receive cost-of-living adjustments (COLA) up to a maximum of 2% compounded annually (up to 5% maximum as a contract option for retired members of local agencies). State Second Tier members are eligible for a COLA of 3 percent fixed compounded annually.

(Continued)

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

Contributions: The benefits for the defined benefit pension plan are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for.

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

$17,617,079 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,	
2026	$ 8,032,167
2027	$ 10,687,167
2028	$ 1,346,166
2029	$ (1,299,500)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the expected average remaining service life of plan members, which was 3.9 years in the June 30, 2024 measurement. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to the actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The actuarial valuation as of June 30, 2023 used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

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

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

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

Asset Class	Assumed Asset Allocation	Expected Real Rates of Return Years 1-10 (1, 2)
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 considered long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

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

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

(Continued)

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Notes 7 and 8, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees. The plan does not issue separate financial statements. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements to continue health coverage as a participant in the District's plan. The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2025 the District has accumulated assets in a qualified trust provided by Public Agency Retirement Services (PARS) for the purpose of paying the benefits related to the District's Net OPEB Liability. Assets contributed to the plan are included in the PARS trust financial statements. Copies of PARS independent financial statements may be obtained from the Public Agency Retirement Services – 4350 Von Karman Avenue, Newport Beach, CA 92660.

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

	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 $1,141,863 for the year ended June 30, 2025. 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*
Equities	75%	7.55%
Fixed income	25%	4.25%

* Geometric average

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

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

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

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

(Continued)

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

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

Changes in Net OPEB liability

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

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

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

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

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

(Continued)

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	$ 8,859,398	$ 10,825,393	$ 13,099,037

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

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

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

Differences between changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 12 years as of the June 30, 2024 measurement date.

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

(Continued)

NOTE 10 – JOINT POWERS AGREEMENTS

The District is a member with other school districts of Joint Powers Authorities, Schools Insurance Authority (SIA) (Deductible Fund, only). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The following is a summary of condensed financial information of SIA as of June 30, 2024 (the latest information available).

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

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

NOTE 11 – CONTINGENCIES

Contingent Liabilities: The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect.

Construction Commitments: As of June 30, 2025, the District has $13 million in outstanding commitments on construction contracts.

NOTE 12 – SUBSEQUENT EVENTS

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

See accompanying notes to required supplementary information.

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

Last 10 Fiscal Years

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

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

See accompanying notes to required supplementary information.

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

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability	0.170%	0.178%	0.172%	0.185%	0.184%	0.170%	0.150%	0.179%	0.191%	0.203%
District's proportionate share of the net pension liability	$114,579,000	$143,862,000	$159,188,000	$169,605,000	$166,062,000	$165,220,000	$ 68,123,000	$124,696,000	$145,246,000	$136,137,000
State's proportionate share of the net pension liability associated with the District	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	62,461,000
Total net pension liability	$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	$198,598,000
District's covered payroll	$ 78,993,000	$ 88,645,000	$ 91,229,000	$ 99,069,000	$100,487,000	$ 93,594,000	$ 87,114,000	$104,076,000	$122,621,000	$133,867,000
District's proportionate share the net pension liability as a percentage of its covered payroll	145.05%	162.29%	174.49%	171.20%	165.26%	176.53%	78.20%	119.81%	118.45%	101.70%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%	81.20%	80.62%	83.55%

(Continued)

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

Public Employer's Retirement Fund B
Last 10 Fiscal Years

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

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

See accompanying notes to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

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

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

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

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

(Continued)

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

Public Employer's Retirement Fund B
Last 10 Fiscal Years

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

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

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

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

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years.

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

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

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

	Measurement Period									
Assumption	As of June 30, 2024	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%	2.30%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Discount rate	6.90%	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

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

	Measurement Period									
Assumption	As of June 30, 2024	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%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

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

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

See accompanying notes to required supplementary information.

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

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

See accompanying notes to required supplementary information.

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

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

See accompanying notes to required supplementary information.

Grade Level	Statutory Minutes Requirement	2024-25 Actual Minutes Offered	Credited Minutes Per Approved Form J-13A*	Actual Number of Days Offered	Credited Days per Approved Form J-13A*	Number of Days	Status
DISTRICT							
Kindergarten	36,000	52,542	-	178	2	180	In Compliance
Grade 1	50,400	52,542	-	178	2	180	In Compliance
Grade 2	50,400	52,542	-	178	2	180	In Compliance
Grade 3	50,400	53,718	-	178	2	180	In Compliance
Grade 4	54,000	54,182	-	178	2	180	In Compliance
Grade 5	54,000	54,182	-	178	2	180	In Compliance
Grade 6	54,000	61,705	-	178	2	180	In Compliance
Grade 7	54,000	61,705	-	180	-	180	In Compliance
Grade 8	54,000	61,705	-	180	-	180	In Compliance
Grade 9	64,800	64,822		180	-	180	In Compliance
Grade 10	64,800	64,822		180	-	180	In Compliance
Grade 11	64,800	64,822		180	-	180	In Compliance
Grade 12	64,800	64,822		180	-	180	In Compliance
CHARTER SCHOOL							
Kindergarten	**	**		181	-	180	In Compliance
Grade 1	**	**		181	-	180	In Compliance
Grade 2	**	**		181	-	180	In Compliance
Grade 3	**	**		181	-	180	In Compliance
Grade 4	**	**		181	-	180	In Compliance
Grade 5	**	**		181	-	180	In Compliance
Grade 6	**	**		181	-	180	In Compliance
Grade 7	**	**		181	-	180	In Compliance
Grade 8	**	**		181	-	180	In Compliance

** Statutory minutes and actual minute offered are not applicable to the charter school as a non-classroom based charter school.

See accompanying notes to required supplementary information.

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

(Continued)

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

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

See accompanying notes to required supplementary information.

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

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

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

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

See accompanying notes to required supplementary information.

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

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

The General Fund fund balance has increased by $17,945,110 over the past three years. The fiscal year 2025-2026 budget projects a decrease of $28,373,417. For a district this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out and other uses (total outgo). The District met this requirement.

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the fiscal year 2025-2026.

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

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

See accompanying notes to required supplementary information.

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

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
2137	New Pacific Charter Rancho Cordova	Separate Report

See accompanying notes to required supplementary information.

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

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

See accompanying notes to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

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

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

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

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

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

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

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

NOTE 2 – EARLY RETIREMENT INCENTIVE PROGRAM

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

OTHER INFORMATION

Folsom Cordova Unified School District 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
Chris Clark	President	2028
Kara Lofthouse	Vice President	2026
Jennifer Laret	Clerk	2026
YK Chalamcherla	Member	2028
David Reid	Member	2026

ADMINISTRATION

Erik Swanson
Superintendent

Sean Martin
Assistant Superintendent, Business Services

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

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

Betty Jo Wessinger
Assistant Superintendent Special Education/SELPA Director

Linda Thurlo
Executive Director, Administrative Services

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

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

Report on Compliance

Opinion on State Compliance

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

(Continued)

<u>2024-25 K-12 Audit Guide Procedures</u> (continued)	Procedures <u>Performed</u>
School Districts, County Offices of Education, and Charter Schools:	
T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study – Course-Based	N/A, see below
Z. Immunizations	N/A, see below
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunities Grant (ELO-G)	N/A, see below
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunities Program	Yes
EZ. Transitional Kindergarten	Yes
FZ. Kindergarten Continuance	Yes
Charter Schools:	
AA. Attendance	Yes
BB. Mode of Instruction	N/A, see below
CC. Nonclassroom-Based Instruction/Independent Study	Yes
DD. Determination of Funding for Nonclassroom-Based Instruction	Yes
EE. Annual Instructional Minutes-Classroom Based	N/A, see below
FF. Charter School Facility Grant Program	N/A, see below

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

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

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

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

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

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

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

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

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

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

(Continued)

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 12, 2025

Crowe LLP
Independent Member Crowe Global

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

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

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

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Folsom Cordova Unified School District internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Folsom Cordova Unified School District internal control. Accordingly, we do not express an opinion on the effectiveness of Folsom Cordova Unified School District internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(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 12, 2025

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

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

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

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

In our opinion, Folsom Cordova Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

(Continued)

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

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

Crowe LLP

Crowe LLP

Sacramento, California
December 12, 2025

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

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

Report on Compliance

Opinion on First 5 Sacramento County Program

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

In our opinion, Folsom Cordova Unified School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2025.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

(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 12, 2025

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
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

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

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

STATE AWARDS

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

(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

No matters were reported.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

2024-001 DEFICIENCY – ATTENDANCE REPORTING (10000)

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

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

Current Status: Implemented.

District Explanation if Not Implemented: N/A

(Continued)

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

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

Folsom Cordova Unified School District

Unduplicated pupil count based on:	Enrollment	FRPM	ELAS	Both	TOTAL
As certified on CALPADS	20,828.00	4,050.00	704.00	3,503.00	8,257.00
Audit Adjustments		(354.00)	-	-	-
Adjusted Counts	20,828.00	3,696.00	704.00	3,503.00	7,903.00

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

Current Status: Implemented.

District Explanation if Not Implemented: N/A

Appendix B: Adopted Budget for Fiscal Year Ended June 30, 2026

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APPENDIX E

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

The following information regarding the City of Folsom ("Folsom"), the City of Rancho Cordova ("Rancho Cordova," and together with Folsom, 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 Underwriters.

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 of California for the past 10 years.

POPULATION ESTIMATES
City of Folsom, City of Rancho Cordova, Sacramento County and State of California
2017 through 2026

Year[(1)]	City of Folsom	City of Rancho Cordova	Sacramento County	State of California
2017	77,869	74,832	1,530,548	39,273,915
2018	78,536	76,306	1,547,095	39,429,439
2019	79,709	77,811	1,562,887	39,503,656
2020[(2)]	82,908	79,144	1,585,055	39,538,223
2021	83,574	79,936	1,588,076	39,380,058
2022	84,920	80,494	1,580,060	39,159,480
2023	86,293	81,633	1,583,863	39,167,274
2024	89,475	82,716	1,600,332	39,446,835
2025	93,679	85,789	1,619,023	39,646,907
2026	95,680	87,312	1,628,349	39,592,978

(1) As of January 1.
(2) U.S. Department of Commerce, Bureau of the Census, for April 1.
Source: California Department of Finance.

Personal Income

The following table summarizes per capita personal income for the County, the State and the United States from 2015 to 2024.

PER CAPITA PERSONAL INCOME
Orange County, State of California, and United States
2015 through 2024

Year	Sacramento County	State of California	United States
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	57,575	70,100	59,151
2021	61,795	77,134	64,692
2022	62,314	77,196	66,298
2023	65,388	81,196	70,002
2024	69,693	86,232	73,204

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2021 through 2025 for the Cities, the County and the State of California.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT RATE
City of Folsom, City of Rancho Cordova, Sacramento County and the State of California
2021 through 2025

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate (%)
2021	City of Folsom	38,300	36,600	1,700	4.4
	City of Rancho Cordova	38,000	35,500	2,600	6.7
	Sacramento County	749,000	698,700	50,300	6.7
	State of California	19,013,800	17,619,300	1,394,500	7.3
2022	City of Folsom	39,800	38,700	1,100	2.8
	City of Rancho Cordova	38,600	37,100	1,500	3.8
	Sacramento County	751,300	722,100	29,200	3.9
	State of California	19,267,400	18,441,400	826,100	4.3
2023	City of Folsom	41,400	40,000	1,400	3.3
	City of Rancho Cordova	39,600	38,000	1,600	4.1
	Sacramento County	765,800	733,200	32,600	4.3
	State of California	19,514,600	18,593,600	921,000	4.7
2024	City of Folsom	43,000	41,400	1,600	3.7
	City of Rancho Cordova	40,500	38,700	1,900	4.6
	Sacramento County	779,000	742,300	36,700	4.7
	State of California	19,692,800	18,650,700	1,042,200	5.3
2025	City of Folsom	43,718	41,890	1,818	4.2
	City of Rancho Cordova	41,227	39,154	2,081	5.0
	Sacramento County	791,600	751,800	39,800	5.0
	State of California	19,823,800	18,738,500	1,085,300	5.5

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2025.

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Industry

The County are included in the Sacramento-Rocklin-Arden Arcade Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for the last 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
Sacramento-Rocklin-Arden Arcade MSA
2021 through 2025

	2021	2022	2023	2024	2025
Total Farm	9,000	8,600	9,000	8,700	8,600
Mining, Logging and Construction	75,400	77,700	75,300	77,000	75,100
Manufacturing	37,700	40,600	40,600	39,900	39,000
Wholesale Trade	26,900	28,300	28,400	27,800	26,600
Retail Trade	100,600	100,300	98,900	97,600	98,300
Transportation, Warehousing and Util.	37,500	40,800	41,700	41,500	41,900
Information	10,100	10,500	10,000	9,300	8,800
Financial Activities	51,800	51,800	48,000	46,400	45,700
Professional and Business Services	137,200	139,800	136,000	135,500	134,700
Private Education and Health Services	168,800	175,600	187,300	201,000	215,100
Leisure and Hospitality	93,600	108,700	112,200	110,400	110,500
Other Services	33,300	36,100	38,200	39,000	38,600
Government	240,200	246,800	256,600	265,900	267,000
Total All Industries	1,021,900	1,065,500	1,082,300	1,100,000	1,109,800

Source: California Employment Development Department, Labor Market Information Division. March 2025 Benchmark.

Major Employers

The following tables list the major employers in the Cities and County.

LARGEST EMPLOYERS
City of Folsom
2025

Employer Name	Employees
Intel Corporation	4,300
California State Prison	1,601
Folsom Cordova Unified School District(1)	1,212
Folsom Prison	993
Mercy Hospital of Folsom	924
California ISO	737
City of Folsom	459
Safe Credit Union(2)	458
Costco	420
Folsom Lake College	331

(1) For updated information regarding the School District's employees, see "FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.
(2) Includes both certified and classified employees in Folsom only.
Source: City of Folsom Comprehensive Annual Financial Report' For Year Ended June 30, 2025.

LARGEST EMPLOYERS
City of Rancho Cordova
2025

Employer Name	Employees
Folsom Cordova Unified School District[1]	2,050
Vision Service Plan	1,600
Franklin Templeton	1,593
The Permanente Medical Group	822
Health Net Federal Services	700
Nidec Motor Corporation	400
Kaiser Foundation	338
Phillips Image Guided Therapy Corp.	310
Educational Credit Management Corp.	293
Teledyne Defense Electronics	200

(1) For updated information regarding the School District's employees, see "FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT – Labor Relations" in the front part of this Official Statement.

Source: City of Rancho Cordova Comprehensive Annual Financial Report' For Year Ended June 30, 2025.

MAJOR EMPLOYERS
Sacramento County
2025

Employer Name	Employees
UC Davis Health System	16,617
Kaiser Permanente	12,624
Sutter/California Health Services	10,129
Dignity/Mercy Healthcare	7,353
Apple Inc.	5,000
Intel Corporation	4,000
Raley's Inc./Bel Air	2,519
Siemens Mobility Inc.	2,500
Vision Service Plan	1,950
Safeway	1854

Source: Sacramento County Comprehensive Annual Financial Report' For Year Ended June 30, 2025.

Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2021 through 2025 are shown in the following tables.

TAXABLE TRANSACTIONS
City of Folsom
2021 through 2025
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2021	1,457	$1,917,045	2,418	$2,134,222
2022	1,523	2,009,992	2,546	2,253,326
2023	1,492	1,986,848	2,537	2,229,309
2024	1,477	2,010,376	2,537	2,230,863
2025	1,487	2,016,716	2,632	2,227,890

Source: California Department of Tax and Fee Administration.

TAXABLE TRANSACTIONS
City of Rancho Cordova
2021 through 2025
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2021	1,404	$1,341,515	2,597	$1,983,873
2022	1,429	1,390,475	2,682	2,171,811
2023	1,400	1,376,732	2,634	2,109,504
2024	1,420	1,373,400	2,692	2,029,117
2025	1,432	1,300,995	2,747	1,939,065

Source: California Department of Tax and Fee Administration.

TAXABLE TRANSACTIONS
Sacramento County
2021 through 2025
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2020	28,055	$18,488,106	45,361	$27,173,406
2021	25,936	23,795,032	42,482	33,918,020
2022(	26,589	24,679,703	44,158	36,511,260
2023	25,913	24,289,157	43,252	35,778,877
2024	26,277	24,651,901	44,359	35,807,896
2025	26,575	25,166,106	45,365	36,620,272

Source: California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued from 2020 through 2024 for the Cities and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
City of Folsom
2020 through 2024
(Dollars in Thousands)

Valuation ($000):	2020	2021	2022	2023	2024
Residential	$219,245	$356,926	$413,218	$526,803	$364,054
Non-residential	23,772	25,702	63,081	41,325	79,858
Total	$243,017	$382,628	$476,299	$568,128	$443,912
Residential Units:					
Single family	568	967	861	860	694
Multiple family	--	--	367	1,391	163
Total	568	967	1,228	2,251	857

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
City of Rancho Cordova
2020 through 2024
(Dollars in Thousands)

Valuation ($000):	2020	2021	2022	2023	2024
Residential	$172,093	$177,698	$211,548	$235,845	$316,216
Non-residential	65,599	76,212	61,185	91,299	92,083
Total	$237,692	$253,910	$272,733	$327,144	$408,299
Residential Units:					
Single family	575	552	620	602	1,046
Multiple family	--	--	149	331	151
Total	575	552	769	933	1,197

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
Sacramento County
2020 through 2024
(Dollars in Thousands)

Valuation ($000):	2020	2021	2022	2023	2024
Residential	$1,738,674	$1,910,412	$1,969,992	$2,177,513	$2,292,628
Non-residential	891,464	706,499	894,767	1,046,967	1,083,644
Total	$2,630,138	$2,616,911	$2,864,759	$3,224,480	$3,376,272
Residential Units:					
Single family	3,588	4,205	3,832	4,181	4,892
Multiple family	2,868	2,266	3,419	6,290	2,183
Total	6,456	6,471	7,251	10,471	7,075

Source: Construction Industry Research Board.

Transportation

The County's location and transportation network have contributed to the County's economic growth. The County is traversed by the main east-west and north-south freeways serving northern and central California. U.S. Interstate Highway 80 connects Sacramento with the San Francisco Bay Area, Reno, Nevada, and points east. U.S. Highway 50 carries traffic from Sacramento to the Lake Tahoe area. U.S. Interstate Highway 5 is the main north-south route through the interior of California; it runs from Mexico to Canada. State Highway 99 parallels U.S. Interstate Highway 5 through central California and passes through Sacramento.

Transcontinental and intrastate rail service is provided by the Union Pacific Railroad. The Sacramento Northern is a short line owned by Union Pacific; it offers rail service to Sacramento Valley markets. Passenger rail service is provided by Amtrak. Bus lines offering intercity as well as local service include Greyhound and Sacramento Regional Transit.

The Port of Sacramento provides direct ocean freight service to all major United States and world ports through its deep-water ship channel. The Port of Sacramento is located 79 nautical miles northeast of San Francisco. The three major rail links serving Sacramento connect with the Port of Sacramento. U.S. Interstate Highway 80 and U.S. Interstate Highway 5 are immediately adjacent to the Port of Sacramento.

Sacramento Metropolitan Airport is about 12 miles northwest of downtown Sacramento. The airport is served by eight major carriers, two regional carriers, and four commuter carriers. Executive Airport, located in Sacramento, is a full-service, 680-acre facility serving general aviation. In addition to Metropolitan Airport and Executive Airport, there are two other County-operated general airports and numerous private airports.

APPENDIX F

FORMS OF OPINIONS OF BOND COUNSEL

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

_______, 2026

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) 2026 General Obligation Refunding Bonds, Series A (School District School Facilities Improvement District No. 3), (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 Articles 9 and 11 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 April 16, 2026 (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. 3 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 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 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,

Stradling Yocca Carlson & Rauth LLP

FORMS OF OPINIONS OF BOND COUNSEL

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

_______, 2026

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) 2026 General Obligation Refunding Bonds, Series B (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 Articles 9 and 11 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 April 16, 2026 (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, 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 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 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,

Stradling Yocca Carlson & Rauth LLP

FORMS OF OPINIONS OF BOND COUNSEL

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

_______, 2026

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) 2026 General Obligation Refunding Bonds, Series C (School District School Facilities Improvement District No. 5) (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 Articles 9 and 11 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 April 16, 2026 (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. 5 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, 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 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 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,

Stradling Yocca Carlson & Rauth LLP

APPENDIX G

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) 2026 General Obligation Refunding Bonds, Series A (School Facilities Improvement District No. 3) (the "Series A Refunding Bonds," (ii) Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series B (School Facilities Improvement District No. 4) (the "Series B Refunding Bonds"), and (iii) Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series C (School Facilities Improvement District No. 5) (the "Series C Refunding Bonds," and together with the aforementioned 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 No. 3" means the Folsom Cordova Unified School District School Facilities Improvement District No. 3.

"Improvement District No. 4" means the Folsom Cordova Unified School District School Facilities Improvement District No. 4.

"Improvement District No. 5" means the Folsom Cordova Unified School District School Facilities Improvement District No. 5.

"Improvement Districts" means, collectively, Improvement District No. 3, Improvement District No. 4, and Improvement District No. 5.

"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 ________, 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 2025-26 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 Districts 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) So long as the Series A Refunding Bonds remain Outstanding:

(1) the assessed value of taxable property in Improvement District No. 3, as shown on the most recent equalized assessment roll,

(2) 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 Improvement District No. 3 for the most recently completed fiscal year, and

(3) the top ten property owners in Improvement District No. 3 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;

(iii) So long as the Series B Refunding Bonds remain Outstanding:

(1) the assessed value of taxable property in Improvement District No. 4, as shown on the most recent equalized assessment roll,

(2) 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 Improvement District No. 4 for the most recently completed fiscal year, and

(3) the top ten property owners in Improvement District No. 4 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;

(iv) So long as the Series C Refunding Bonds remain Outstanding:

(1) the assessed value of taxable property in Improvement District No. 5, as shown on the most recent equalized assessment roll,

(2) 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 Improvement District No. 5 for the most recently completed fiscal year, and

(3) the top ten property owners in Improvement District No. 5 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: _______

FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT

By: ______________________________

Sean Martin
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) 2026 General Obligation Refunding Bonds, Series A (School Facilities Improvement District No. 3)

Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series B (School Facilities Improvement District No. 4)

Folsom Cordova Unified School District (Sacramento County, California) 2026 General Obligation Refunding Bonds, Series C (School Facilities Improvement District No. 5)

Date of Issuance: ____________

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 H

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 I

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 Underwriters. The School District, the Municipal Advisor and the Underwriters 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 Underwriters 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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Quarterly Pooled Investment Fund Report

As Prescribed By
California Government Code Section 53646

For The Quarter Ended March 31, 2026

Compliance to Investment Policy

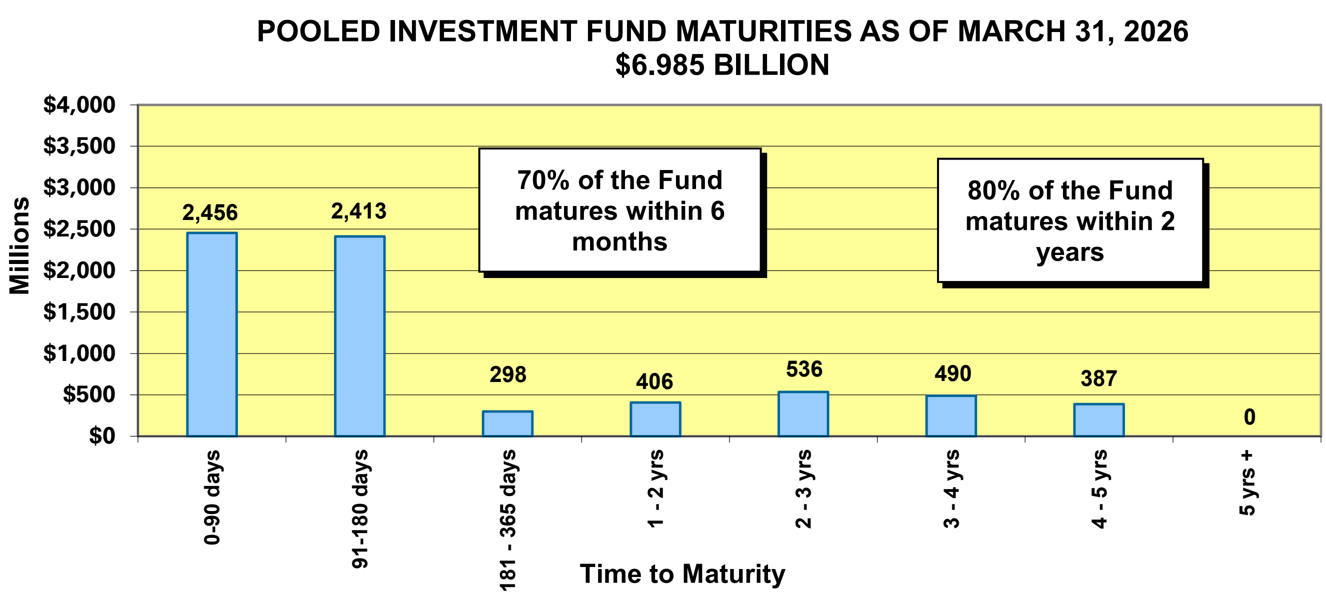
Based on the Director of Finance's Review Group Month-End Reports, there were no items out of compliance with the Calendar Year 2026 Investment Policy during the quarter ended March 31, 2026.

Portfolio Statistics	Quarter Ended 12/31/25	Quarter Ended 03/31/2026
Average Daily Balance	$6,462,437,966	$7,016,942,746
Period-End Balance	$7,483,945,834	$6,985,427,150
Earned Interest Yield	3.906%	3.785%
Weighted Average Maturity	339 Days	351 Days
Duration in Years	0.865	0.880
Amortized Book Value	$7,491,449,171	$6,995,870,475
Market Value	$7,519,409,956	$7,012,840,378
Percent of Market to Cost	100.37%	100.24%

The earned interest yield presented above does not have any costs 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.

Portfolio Structure as of March 31, 2026[1]

Investment Description	Percentage of Portfolio at Cost 12/31/2025	Percentage of Portfolio at Cost 03/31/2026	Percentage of Portfolio at Market 03/31/2026	Earned Interest Yield at 03/31/2026
US Agency, Treasury & Municipal Notes (USATM):				
US Agency Notes	**25.03%**	**22.93%**	**22.97%**	**3.67%**
Notes/Discount Notes FFCB	5.33%	*4.82%*	*4.85%*	*3.70%*
Notes/Discount Notes FHLB	18.79%	*16.63%*	*16.65%*	*3.65%*
Notes/Discount Notes FNMA	0.91%	*1.47%*	*1.47%*	*3.80%*
Notes/Discount Notes FHLMC	0.00%	*0.00%*	*0.00%*	*0.00%*
US Treasury Notes/Discount Notes	**3.17%**	**1.57%**	**1.57%**	**4.02%**
Municipal Notes	**0.34%**	**0.65%**	**0.65%**	**3.97%**
Total USATM	**28.54%**	**25.15%**	**25.18%**	**3.70%**
Repurchase Agreements	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Supranationals	**21.74%**	**24.18%**	**24.18%**	**3.53%**
Commercial Paper	**18.97%**	**22.17%**	**22.26%**	**3.84%**
Certificates of Deposit	**25.32%**	**25.70%**	**25.59%**	**3.91%**
LAIF	**1.00%**	**1.07%**	**1.07%**	**3.83%**
Bank Money Market	**1.61%**	**1.72%**	**1.72%**	**3.63%**
Money Market Accounts	**2.81%**	**0.00%**	**0.00%**	**0.00%**



[1] Percentages may not add up to 100% due to rounding

Projected Cash Flow
Based upon our cash flow model projection dated April 16, 2026, summarized below, we have sufficient cash flow to meet expenditures for the next 12 months.

Month	Bank Balance	Maturities & Interest	Receipts	Disbursements	Difference	Less Investments Beyond One Year	Funds Available for Future Cash Flow Needs*
Dollar amounts represented in millions							
Apr	$20.0	$464.1	$1,696.5	$1,315.9	$844.7	$30.0	$814.7
May	$20.0	$977.5	$947.9	$1,430.4	$495.0	$30.0	$465.0
Jun	$20.0	$823.0	$1,178.2	$1,188.9	$812.3	$30.0	$782.3
Jul	$20.0	$1,312.1	$750.8	$1,645.7	$417.2	$30.0	$387.2
Aug	$20.0	$1,060.6	$908.0	$1,490.3	$478.3	$30.0	$448.3
Sep	$20.0	$612.1	$1,209.8	$1,180.9	$641.0	$30.0	$611.0
Oct	$20.0	$426.4	$1,028.4	$1,236.4	$218.4	$30.0	$188.4
Nov	$20.0	$4.1	$1,184.1	$1,092.9	$95.3	$30.0	$65.3
Dec	$20.0	$29.4	$2,093.0	$1,372.6	$749.8	$30.0	$719.8
Jan	$20.0	$57.7	$980.8	$1,486.2	($447.7)	$30.0	($477.7)
Feb	$20.0	$4.3	$921.3	$1,303.9	($378.3)	$30.0	($408.3)
Mar	$20.0	$86.1	$1,166.9	$1,335.0	($82.0)	$30.0	($112.0)

***Any excess net cash flow amounts in this column will be used to fund negative cash flow positions in later months.**

Detailed Listing of Investments

A complete detailed listing of all investments for the Pooled Investment Fund as of March 31, 2026, is contained in the back of this report. This report notes the type of investment; name of the security; the CUSIP; the purchase date; the maturity date; the coupon and the yield; the par value, book value and market value of each security; the pricing source for the market value; and the duration of each security.

External third-party investment manager(s) at March 31, 2026:

Investment	Firm	Amount
Local Agency Investment Fund	State Treasurer's Office	$75,000,000.00

The Fund uses an external investment accounting system called SymPro by Emphasys Software. The market valuations are based upon the pricing of Interactive Data Corporation (IDC).

THIS COMPLETES THE QUARTERLY REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE § 53646.

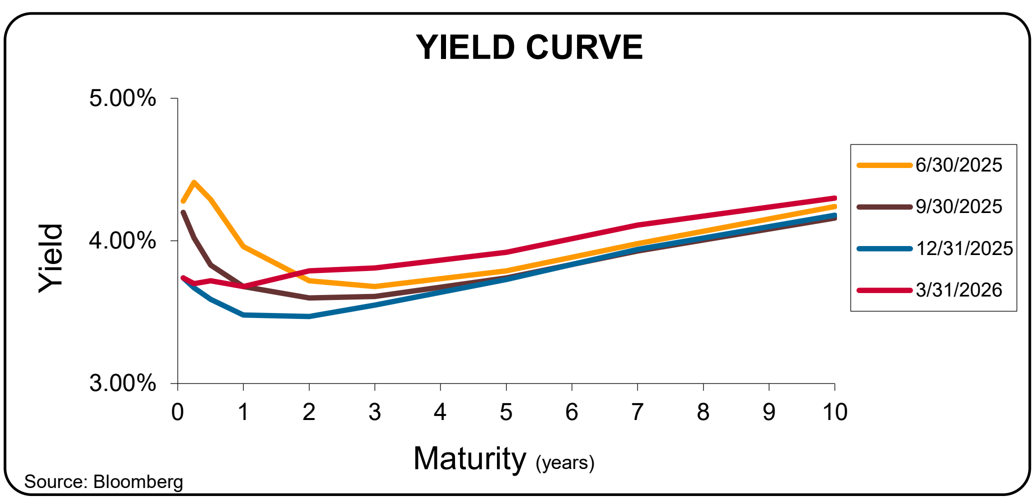
Financial Markets Commentary

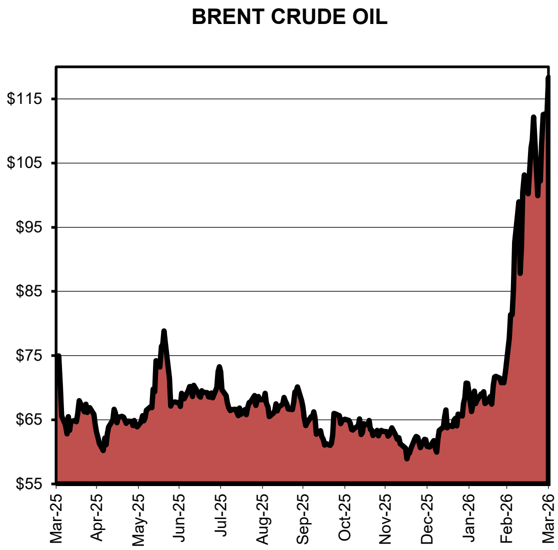
On March 18, 2026, the Federal Open Market Committee (FOMC) held rates steady for the second meeting in a row, maintaining the federal funds target range at 3.50% to 3.75%. Eleven committee members voted to keep the rate unchanged, while one supported a 0.25 percentage point cut. The FOMC also revised its estimate of the long-run federal funds rate upward from 3.0% to 3.1%, and its median outlook continues to anticipate one quarter-point reduction in both 2026 and 2027. During the post-meeting press conference, Chair Powell emphasized the need to look through the inflationary effects of the Iran War and related spikes in oil and energy prices, which may prove temporary. Financial markets interpreted his comments as signaling that the committee could keep rates on hold for an extended period.

The war, which began on February 28, has become the dominant force driving inflation expectations and bond yields. The Strait of Hormuz, through which roughly 20% of global oil supply flows, has been effectively closed since the fighting began. As a result, prices for oil, natural gas, fertilizer, and other key commodities have surged. Short-term inflation expectations have risen sharply, prompting the Federal Funds Futures market to price out two previously expected rate cuts for 2026 and 2027. March's Consumer Price Index (CPI) registered its largest monthly increase since June 2022, jumping from 2.4% to 3.3%, primarily due to soaring oil prices. Gasoline costs alone rose a record 21.2% in March and accounted for roughly 75% of the overall increase in the CPI.

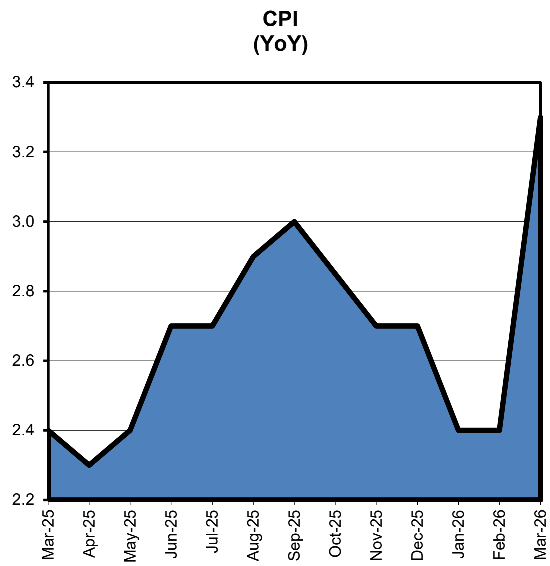
The Core CPI, which excludes food and energy, edged down from 3.1% to 3.0%. The limited passthrough of higher energy costs has kept core inflation contained so far, and the slowdown in the U.S. labor market may also be contributing. Although March Nonfarm Payrolls increased by 178,000 jobs, this followed a February decline of 133,000, the largest monthly loss since the pandemic. Over the past year, monthly payroll gains have averaged only 22,500, well below the pace needed to keep up with population growth. The unemployment rate dipped from 4.4% to 4.3% in March, but the improvement was driven largely by the lowest labor force participation rate since November 2021.

With the war ongoing and elevated energy prices, the Federal Reserve is likely to pause any further cuts to overnight interest rates. As a result, the yield on the Pooled Investment Fund is expected to remain range-bound over the coming quarters.





Source: Bloomberg



Source: Bloomberg

Portfolio Management Strategy

During the past quarter, we continued to provide adequate liquidity to meet the cash flow needs of the Pooled Investment Fund participants. We are currently funding the cash flows for October 2026. We are purchasing five-year U. S. Treasury, U.S. Agency, and Washington Supranational securities on a monthly basis for the “CORE” portfolio, which is composed of all securities maturing beyond one year. This laddered structure stabilizes the yield over longer periods. Over the next quarter, our quarterly yield should range between 3.50% and 3.75%.

Respectfully submitted,	Concur,
Bernard Santo Domingo	Chad Rinde
Chief Investment Officer	Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: April 24, 2026

OVERCOM POOL REPORT
Investments by All Types
Active Investments
March 31, 2026

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Money Market Accounts										
5STARMMA	84745	100	Five Star Bank	20,068,404.00	100.0000000	20,068,404.00	4.020			
SYS85966	85966	100	Federated	0.00	100.0000000	0.00	4.770			
SYS85903	85903	100	Fidelity	0.00	100.0000000	0.00	4.310			
			Subtotal	**20,068,404.00**		**20,068,404.00**				
State Pool										
LAIF	57960	100	LAIF	75,000,000.00	100.0000000	75,000,000.00	3.826			
			Subtotal	**75,000,000.00**		**75,000,000.00**				
Certificates of Deposit										
06418NJR4	86578	100	Bank of Nova Scotia	120,000,000.00	100.0000000	120,000,000.00	3.970	05/04/2026		
06418NJS2	86579	100	Bank of Nova Scotia	50,000,000.00	100.0000000	50,000,000.00	3.970	05/07/2026		
06418NKA9	86600	100	Bank of Nova Scotia	85,000,000.00	100.0000000	85,000,000.00	3.940	05/13/2026		
06418NLL4	86645	100	Bank of Nova Scotia	50,000,000.00	100.0000000	50,000,000.00	3.870	06/15/2026		
13606DQM7	86631	100	Canadian Imperial Bank Corp	60,000,000.00	100.0000000	60,000,000.00	3.890	06/03/2026		
65558WPR3	86576	100	NORDEA BANK	75,000,000.00	100.0000000	75,000,000.00	3.910	05/01/2026		
65558WPS1	86577	100	NORDEA BANK	80,000,000.00	100.0000000	80,000,000.00	3.910	05/08/2026		
65558WQX9	86640	100	NORDEA BANK	100,000,000.00	100.0000000	100,000,000.00	3.810	06/05/2026		
65558WRA8	86642	100	NORDEA BANK	50,000,000.00	100.0000000	50,000,000.00	3.790	06/08/2026		
65558WRB6	86643	100	NORDEA BANK	50,000,000.00	100.0000000	50,000,000.00	3.790	06/10/2026		
78015JTG2	86623	100	Royal Bank of Canada	75,000,000.00	100.0000000	75,000,000.00	3.920	05/22/2026		
78015JTU1	86630	100	Royal Bank of Canada	70,000,000.00	100.0000000	70,000,000.00	3.880	06/01/2026		
78015JW45	86653	100	Royal Bank of Canada	50,000,000.00	100.0000000	50,000,000.00	3.790	07/06/2026		
83050YFT2	86622	100	Skandinaviska Enskilda Banken	50,000,000.00	100.0000000	50,000,000.00	3.920	05/22/2026		
83050YFW5	86675	100	Skandinaviska Enskilda Banken	45,000,000.00	99.9997948	44,999,907.66	3.730	07/20/2026		
83050YGC8	86676	100	Skandinaviska Enskilda Banken	50,000,000.00	100.0000000	50,000,000.00	3.720	07/17/2026		
86959TRS7	86563	100	Svenska Handelsbanken	50,000,000.00	100.0023052	50,001,152.62	3.885	04/07/2026		
86959TSH0	86625	100	Svenska Handelsbanken	50,000,000.00	100.0023984	50,001,199.18	3.940	05/19/2026		
86959TTX4	86722	100	Svenska Handelsbanken	100,000,000.00	100.0023874	100,002,387.44	3.720	08/03/2026		
86959TUA2	86734	100	Svenska Handelsbanken	75,000,000.00	100.0024275	75,001,820.59	3.735	08/14/2026		
87019WX26	86590	100	SWEDBANK	65,000,000.00	100.0000000	65,000,000.00	3.930	05/11/2026		
87019WY41	86644	100	SWEDBANK	50,000,000.00	100.0000000	50,000,000.00	3.800	06/12/2026		

CUSIP	Investment #	Fund	Issuer		Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Certificates of Deposit											
87019W3B9	86721	100	SWEDBANK		50,000,000.00	100.0000000	50,000,000.00	3.720	07/02/2026		
87019W3Y9	86791	100	SWEDBANK		65,000,000.00	100.0000000	65,000,000.00	3.950	08/17/2026		
87019W3Z6	86792	100	SWEDBANK		65,000,000.00	100.0000000	65,000,000.00	3.950	08/19/2026		
96130AG69	86668	100	Westpac Bank		125,000,000.00	100.0000000	125,000,000.00	3.790	07/17/2026		
				Subtotal	**1,755,000,000.00**		**1,755,006,467.49**				
CRA CDs											
SYS86221	86221	100	East West		20,000,000.00	100.0000000	20,000,000.00	4.000	04/10/2026		
SYS86264	86264	100	RIVER CITY BANK		10,000,000.00	100.0000000	10,000,000.00	3.980	05/07/2026		
SYS86616	86616	100	RIVER CITY BANK		10,000,000.00	100.0000000	10,000,000.00	3.980	05/07/2026		
				Subtotal	**40,000,000.00**		**40,000,000.00**				
Commercial Paper Disc. -At Cost											
06366HD12	86537	100	Bank of Montreal		110,000,000.00	98.1090278	107,919,930.56	3.890	04/01/2026		
06366HF28	86632	100	Bank of Montreal		85,000,000.00	98.0844167	83,371,754.17	3.810	06/02/2026		
06366HF10	86638	100	Bank of Montreal		45,000,000.00	98.1055833	44,147,512.50	3.810	06/01/2026		
06366HG92	86680	100	Bank of Montreal		40,000,000.00	98.1294444	39,251,777.78	3.700	07/09/2026		
06366HHB6	86755	100	Bank of Montreal		60,000,000.00	98.3363333	59,001,800.00	3.720	08/11/2026		
13607FD29	86550	100	Canadian Imperial Bank Corp		50,000,000.00	98.1343333	49,067,166.67	3.860	04/02/2026		
13607FEN2	86580	100	Canadian Imperial Bank Corp		100,000,000.00	97.8935000	97,893,500.00	3.830	05/22/2026		
13607FD29	86615	100	Canadian Imperial Bank Corp		60,000,000.00	98.4941667	59,096,500.00	3.900	04/02/2026		
13607FG18	86671	100	Canadian Imperial Bank Corp		50,000,000.00	98.1450000	49,072,500.00	3.710	07/01/2026		
16677KFN8	86641	100	Chevron Corp		50,000,000.00	97.9964444	48,998,222.22	3.680	06/22/2026		
16677KG15	86658	100	Chevron Corp		50,000,000.00	98.0391667	49,019,583.33	3.620	07/01/2026		
16677KH30	86742	100	Chevron Corp		50,000,000.00	98.4000000	49,200,000.00	3.600	08/03/2026		
16677KH30	86744	100	Chevron Corp		70,000,000.00	98.4100000	68,887,000.00	3.600	08/03/2026		
16677KD83	86796	100	Chevron Corp		40,000,000.00	99.8561111	39,942,444.44	3.700	04/08/2026		
47816GH36	86739	100	JOHNSON & JOHNSON		65,000,000.00	98.3691111	63,939,922.22	3.580	08/03/2026		
47816GH77	86746	100	JOHNSON & JOHNSON		110,000,000.00	98.3755000	108,213,050.00	3.610	08/07/2026		
63763QG27	86699	100	National Securities		35,000,000.00	98.3060000	34,407,100.00	3.630	07/02/2026		
63763QH34	86745	100	National Securities		70,000,000.00	98.4200000	68,894,000.00	3.600	08/03/2026		
63763QHX8	86798	100	National Securities		100,000,000.00	98.3541667	98,354,166.67	3.750	08/31/2026		
89116FEN6	86646	100	Toronto Dominion		45,000,000.00	98.2597778	44,216,900.00	3.820	05/22/2026		
89116FGD6	86682	100	Toronto Dominion		40,000,000.00	98.1193333	39,247,733.33	3.720	07/13/2026		
89116FGF1	86688	100	Toronto Dominion		40,000,000.00	98.1140833	39,245,633.33	3.710	07/15/2026		
89116FGE4	86698	100	Toronto Dominion		40,000,000.00	98.1500000	39,260,000.00	3.700	07/14/2026		

CUSIP	Investment #	Fund	Issuer		Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Commercial Paper Disc. -At Cost											
89116FGH7	86700	100	Toronto Dominion		80,000,000.00	98.1804444	78,544,355.56	3.680	07/17/2026		
30229BDL8	86800	100	Exxon Mobil		50,000,000.00	99.7513333	49,875,666.67	3.730	04/20/2026		
30229BDQ7	86803	100	Exxon Mobil		40,000,000.00	99.7416667	39,896,666.67	3.720	04/24/2026		
				Subtotal	**1,575,000,000.00**		**1,548,964,886.12**				
Federal Agency Coupon Securities											
3133ENTS9	84521	100	Federal Farm Credit Bank		25,000,000.00	99.2290000	24,807,250.00	2.600	04/05/2027		
3133ENG87	84650	100	Federal Farm Credit Bank		25,000,000.00	99.5127000	24,878,175.00	2.920	08/17/2027		
3133ENL99	84739	100	Federal Farm Credit Bank		30,000,000.00	96.5629000	28,968,870.00	3.375	09/15/2027		
3133EPFU4	85024	100	Federal Farm Credit Bank		20,000,000.00	98.4898539	19,697,970.77	3.500	04/12/2028		
3133EPJD8	85061	100	Federal Farm Credit Bank		30,000,000.00	99.6725000	29,901,750.00	3.600	05/09/2028		
3133EPC45	85368	100	Federal Farm Credit Bank		30,000,000.00	99.2786000	29,783,580.00	4.625	11/13/2028		
3133ERDH1	85706	100	Federal Farm Credit Bank		40,000,000.00	101.0610000	40,424,400.00	4.750	04/30/2029		
3133ERVU2	85924	100	Federal Farm Credit Bank		50,000,000.00	99.2855000	49,642,750.00	3.500	10/02/2026		
3133ERL41	86046	100	Federal Farm Credit Bank		20,000,000.00	99.8435000	19,968,700.00	4.125	12/17/2029		
3133ETPF8	86375	100	Federal Farm Credit Bank		25,000,000.00	99.0220000	24,755,500.00	3.750	07/08/2030		
3130AQF65	84383	100	Federal Home Loan Bank		25,000,000.00	99.7238230	24,930,955.75	1.250	12/21/2026		
3130ATS57	85025	100	Federal Home Loan Bank		10,000,000.00	102.9610000	10,296,100.00	4.500	03/10/2028		
3130AWTR1	85254	100	Federal Home Loan Bank		30,000,000.00	99.3070770	29,792,123.10	4.375	09/08/2028		
3130AXQK7	85452	100	Federal Home Loan Bank		30,000,000.00	103.7008000	31,110,240.00	4.750	12/08/2028		
3130ATUT2	86044	100	Federal Home Loan Bank		20,000,000.00	101.5369000	20,307,380.00	4.500	12/14/2029		
3130AWTS9	86508	100	Federal Home Loan Bank		40,000,000.00	104.0200000	41,608,000.00	4.500	09/13/2030		
3135G05Q2	86451	100	Federal National Mtg Assn		40,000,000.00	86.5350000	34,614,000.00	0.875	08/05/2030		
31359MGK3	86648	100	Federal National Mtg Assn		30,000,000.00	112.6750000	33,802,500.00	6.625	11/15/2030		
				Subtotal	**520,000,000.00**		**519,290,244.62**				
Federal Agency Disc. -At Cost											
313313ZA9	86667	100	Federal Farm Credit Bank		30,000,000.00	98.1150000	29,434,500.00	3.480	07/07/2026		
313313YU6	86709	100	Federal Farm Credit Bank		15,000,000.00	98.4968889	14,774,533.33	3.560	07/01/2026		
313385YF7	86628	100	Federal Home Loan Bank		75,000,000.00	97.9600000	73,470,000.00	3.600	06/18/2026		
313385XC5	86639	100	Federal Home Loan Bank		85,000,000.00	98.3170417	83,569,485.42	3.585	05/22/2026		
313385YT7	86652	100	Federal Home Loan Bank		100,000,000.00	98.0179167	98,017,916.67	3.550	06/30/2026		
313385ZL3	86669	100	Federal Home Loan Bank		50,000,000.00	98.0833333	49,041,666.67	3.450	07/17/2026		
313385ZB5	86670	100	Federal Home Loan Bank		100,000,000.00	98.1695833	98,169,583.33	3.450	07/08/2026		
313385YU4	86672	100	Federal Home Loan Bank		22,821,000.00	98.2500000	22,421,632.50	3.500	07/01/2026		
313385ZL3	86705	100	Federal Home Loan Bank		100,000,000.00	98.3259722	98,325,972.22	3.545	07/17/2026		

CUSIP	Investment #	Fund	Issuer		Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Federal Agency Disc. -At Cost											
313385A22	86708	100	Federal Home Loan Bank		100,000,000.00	98.2078056	98,207,805.56	3.545	07/31/2026		
313385ZQ2	86714	100	Federal Home Loan Bank		50,000,000.00	98.3134444	49,156,722.22	3.530	07/21/2026		
313385ZS8	86717	100	Federal Home Loan Bank		50,000,000.00	98.3334722	49,166,736.11	3.550	07/23/2026		
313385A63	86753	100	Federal Home Loan Bank		65,000,000.00	98.4693750	64,005,093.75	3.555	08/04/2026		
313385D60	86756	100	Federal Home Loan Bank		55,000,000.00	98.2545833	54,040,020.83	3.550	08/28/2026		
313385A89	86783	100	Federal Home Loan Bank		40,000,000.00	98.5521667	39,420,866.67	3.570	08/06/2026		
313385D29	86784	100	Federal Home Loan Bank		50,000,000.00	98.3782222	49,189,111.11	3.560	08/24/2026		
313385F43	86802	100	Federal Home Loan Bank		79,000,000.00	98.3385417	77,687,447.92	3.625	09/11/2026		
313589ZT3	86793	100	Federal National Mtg Assn		35,000,000.00	98.7698333	34,569,441.67	3.630	07/24/2026		
				Subtotal	**1,101,821,000.00**		**1,082,668,535.98**				
Treasury Coupon Securities											
91282CKK6	85963	100	U.S. Treasury		50,000,000.00	100.9531250	50,476,562.50	4.875	04/30/2026		
91282CNK3	86388	100	U.S. Treasury		15,000,000.00	99.2421875	14,886,328.13	3.875	06/30/2030		
				Subtotal	**65,000,000.00**		**65,362,890.63**				
Treasury Discounts -At Cost											
912797SV0	86629	100	U.S. Treasury		45,000,000.00	98.2106667	44,194,800.00	3.660	05/21/2026		
				Subtotal	**45,000,000.00**		**44,194,800.00**				
Supra-National											
4581X0CU0	84135	100	Inter-American Dev Bank		25,000,000.00	105.3590000	26,339,750.00	2.000	06/02/2026		
45818WDJ2	84240	100	Inter-American Dev Bank		10,000,000.00	99.7294000	9,972,940.00	0.800	08/19/2026		
4581X0EB0	84421	100	Inter-American Dev Bank		25,000,000.00	99.7940000	24,948,500.00	1.500	01/13/2027		
4581X0EB0	84446	100	Inter-American Dev Bank		25,000,000.00	98.4179000	24,604,475.00	1.500	01/13/2027		
45818WDL7	84497	100	Inter-American Dev Bank		25,000,000.00	99.3978000	24,849,450.00	1.780	03/12/2027		
45818WDM5	84575	100	Inter-American Dev Bank		20,000,000.00	99.4736000	19,894,720.00	2.750	04/12/2027		
45818WDR4	84583	100	Inter-American Dev Bank		30,000,000.00	100.0000000	30,000,000.00	2.980	06/09/2027		
4581X0CY2	84613	100	Inter-American Dev Bank		25,000,000.00	96.6270000	24,156,750.00	2.375	07/07/2027		
45818WEE2	84691	100	Inter-American Dev Bank		25,000,000.00	99.1780000	24,794,500.00	3.420	09/07/2027		
45818WEF9	84773	100	Inter-American Dev Bank		30,000,000.00	100.0000000	30,000,000.00	4.550	11/10/2027		
4581X0EH1	84874	100	Inter-American Dev Bank		30,000,000.00	99.7533000	29,925,990.00	4.000	01/12/2028		
4581X0EH7	84909	100	Inter-American Dev Bank		30,000,000.00	100.2995000	30,089,850.00	4.000	01/12/2028		
45818WEM4	84937	100	Inter-American Dev Bank		30,000,000.00	99.0520000	29,715,600.00	4.250	03/03/2028		
45818WEQ5	85099	100	Inter-American Dev Bank		30,000,000.00	98.9767000	29,693,010.00	3.800	06/09/2028		
4581X0DX3	85193	100	Inter-American Dev Bank		30,000,000.00	85.3950000	25,618,500.00	1.125	07/20/2028		

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Supra-National										
4581X0EN4	85532	100	Inter-American Dev Bank	40,000,000.00	99.4220000	39,768,800.00	4.125	02/15/2029		
45818WFA9	85589	100	Inter-American Dev Bank	40,000,000.00	99.6420000	39,856,800.00	4.170	03/19/2029		
45818WFR2	85741	100	Inter-American Dev Bank	25,000,000.00	100.3396000	25,084,900.00	4.600	06/07/2029		
4581X0DG0	85747	100	Inter-American Dev Bank	15,000,000.00	89.9580000	13,493,700.00	2.250	06/18/2029		
45818WF35	85837	100	Inter-American Dev Bank	40,000,000.00	100.0000000	40,000,000.00	3.900	08/15/2029		
45818WGN0	86738	100	Inter-American Dev Bank	30,000,000.00	100.9527000	30,285,810.00	3.890	01/30/2031		
459058JX2	84163	100	Int Bk Recon & Develop	25,000,000.00	100.1548000	25,038,700.00	0.875	07/15/2026		
459058JX2	84201	100	Int Bk Recon & Develop	25,000,000.00	100.1535000	25,038,375.00	0.875	07/15/2026		
459058KT9	85138	100	Int Bk Recon & Develop	30,000,000.00	95.5108000	28,653,240.00	3.500	07/12/2028		
459058KW2	85824	100	Int Bk Recon & Develop	50,000,000.00	102.6570000	51,328,500.00	4.625	08/01/2028		
459058JW4	85839	100	Int Bk Recon & Develop	30,000,000.00	91.3684830	27,410,544.90	1.375	04/20/2028		
459058JW4	85840	100	Int Bk Recon & Develop	40,000,000.00	91.3600000	36,544,000.00	1.375	04/20/2028		
459058KL6	85922	100	Int Bk Recon & Develop	40,000,000.00	99.9520000	39,980,800.00	3.625	09/21/2029		
459058KQ5	86124	100	Int Bk Recon & Develop	40,000,000.00	97.4514000	38,980,560.00	3.876	02/14/2030		
459058LR2	86171	100	Int Bk Recon & Develop	40,000,000.00	99.5650000	39,826,000.00	4.125	03/20/2030		
459058LR2	86239	100	Int Bk Recon & Develop	40,000,000.00	100.5490000	40,219,600.00	4.125	03/20/2030		
459058JC8	86270	100	Int Bk Recon & Develop	40,000,000.00	85.3580000	34,143,200.00	0.875	05/14/2030		
459058JC8	86343	100	Int Bk Recon & Develop	40,000,000.00	86.4678000	34,587,120.00	0.875	05/14/2030		
459058LY7	86572	100	Int Bk Recon & Develop	30,000,000.00	99.4240000	29,827,200.00	3.500	10/28/2030		
459058LY7	86582	100	Int Bk Recon & Develop	30,000,000.00	98.5700000	29,571,000.00	3.500	10/28/2030		
459058LA9	86681	100	Int Bk Recon & Develop	30,000,000.00	100.9970000	30,299,100.00	4.000	01/10/2031		
459058JR5	86779	100	Int Bk Recon & Develop	30,000,000.00	88.9854000	26,695,620.00	1.250	02/10/2031		
45950VPV2	84057	100	Intl Finance Corp	25,000,000.00	100.1462000	25,036,550.00	0.970	04/14/2026		
45950VPX8	84101	100	Intl Finance Corp	25,000,000.00	99.7026000	24,925,650.00	0.860	05/14/2026		
45950VQF6	84250	100	Intl Finance Corp	15,000,000.00	99.9218000	14,988,270.00	0.820	09/15/2026		
45950KCX6	84280	100	Intl Finance Corp	25,000,000.00	98.5890000	24,647,250.00	0.750	10/08/2026		
45950KCX6	84325	100	Intl Finance Corp	25,000,000.00	97.6689000	24,417,225.00	0.750	10/08/2026		
45950VRN8	84838	100	Intl Finance Corp	30,000,000.00	99.7045000	29,911,350.00	3.800	12/09/2027		
45950VSJ6	85302	100	Intl Finance Corp	30,000,000.00	98.5359000	29,560,770.00	4.500	09/13/2028		
45950VSS6	85479	100	Intl Finance Corp	40,000,000.00	100.0000000	40,000,000.00	4.050	01/10/2029		
45950VSZ0	85612	100	Intl Finance Corp	40,000,000.00	99.6169850	39,846,794.00	4.375	03/27/2029		
45950KDH0	85771	100	Intl Finance Corp	40,000,000.00	98.9630000	39,585,200.00	4.250	07/02/2029		
45950VTQ9	85904	100	Intl Finance Corp	65,000,000.00	100.0000000	65,000,000.00	3.550	09/20/2027		
45950VTS5	85906	100	Intl Finance Corp	50,000,000.00	100.0000000	50,000,000.00	3.580	03/24/2027		
45950VTX4	85907	100	Intl Finance Corp	40,000,000.00	99.9727000	39,989,080.00	3.550	09/25/2029		
45950VTY2	85918	100	Intl Finance Corp	50,000,000.00	99.9870000	49,993,500.00	3.560	01/29/2027		
45950VUA2	85990	100	Intl Finance Corp	40,000,000.00	100.0000000	40,000,000.00	4.333	11/14/2029		
45950VUD6	86081	100	Intl Finance Corp	40,000,000.00	100.0000000	40,000,000.00	4.540	01/15/2030		

CUSIP	Investment #	Fund	Issuer		Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
				Subtotal	**1,720,000,000.00**		**1,689,139,243.90**				
Variable Rate Muni											
VRSAC2122	84345	100	Sacramento County		970,513.81	100.0000000	970,513.81	4.037	08/03/2026		
VRSAC2223	84850	100	Sacramento County		3,054,214.69	100.0000000	3,054,214.69	4.037	08/02/2027		
VARSAC2324	85449	100	Sacramento County		7,112,854.55	100.0000000	7,112,854.55	4.037	08/01/2028		
VRSAC2425	86051	100	Sacramento County		12,539,231.67	100.0000000	12,539,231.67	4.037	08/01/2029		
SYS86707	86707	100	Sacramento County		21,754,302.29	100.0000000	21,754,302.29	3.906	08/01/2030		
				Subtotal	**45,431,117.01**		**45,431,117.01**				
Bank Money Market											
BNKOFWEST	84271	100	Bank of the West		100,300,560.74	100.0000000	100,300,560.74	3.550			
				Subtotal	**100,300,560.74**		**100,300,560.74**				
				Total	**7,062,621,081.75**		**6,985,427,150.49**				