

2024 / 2025

Continuing Disclosure Annual Report

Fiscal Year Ending June 30, 2025

Submitted March 31, 2026

**Fullerton School District
Financing Authority
Special Tax Revenue Refunding Bonds
2022 Series A**



A division of California Financial Services

\$10,360,000
Fullerton School District Financing Authority
Special Tax Revenue Refunding Bonds
2022 Series A

MATURITY DATE	CUSIP*
Current Interest Bonds	
09/01/2031	NA ^[1]

[1] Private Placement, therefore there are no CUSIPs associated with this issuance.

**CUSIP® is a registered trademark of the American Bankers Association.*

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Exhibit A – Audited Financial Statements for Fiscal Year 2024/2025

Exhibit B – District CFD Rate and Method of Apportionments

Exhibit C – California Debt and Investment Advisory Commission Report

I. Introduction

This Annual Report (“Report”) has been prepared pursuant to Section 5.11 of the Indenture of Trust regarding the Ongoing Information Provided to Owner(s) (“Disclosure Covenant”) executed in connection with the issuance of the following debt by the Fullerton School District Financing Authority (“Authority”):

- Special Tax Revenue Refunding Bonds, 2022 Series A, of the Authority issued on January 28, 2022 in the par amount of \$10,360,000 (“Bonds”).

Under the Disclosure Covenant, the Fullerton School District (“School District”) has agreed to annually provide certain information related to the security of the Bonds. This Report has been prepared by KeyAnalytics at the direction of the School District to provide the required information.

Any information contained herein which involves 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 representation of fact. The information set forth herein has been furnished by the School District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Report 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, each respective Community Facilities District or the Authority since the date hereof. Capitalized terms used herein which are not otherwise defined shall have the meaning given them in the respective financing documents.

If there are any questions regarding the information provided herein, please contact KeyAnalytics at (949) 282-1077.

II. Audited Financial Statements

The Authority does not prepare Audited Financial Statements. As of the date of this Report, the Board of Trustees of the Fullerton School District (the “Board”) has approved the final Audited Financial Statements for the Fiscal Year ending June 30, 2025. The Audited Financial Statements are attached as Exhibit A.

III. Special Taxes

The School District has covenanted to annually levy the Special Tax in accordance with the Rate and Method of Apportionment (“RMA”), for CFD Nos. 2000-1, and 2001-1 (“District CFDs”) attached as Exhibit B, so long as the Bonds are outstanding. The items below summarize information required by the Disclosure Covenant.

A. Special Tax Collections

A summary of the Special Tax levy by land use class for the District CFDs are found in the tables below. One (1) property owner within CFD No. 2001-1 exceeded the Individual Foreclosure Threshold of \$5,000 and there are no property owners who are delinquent in the payment of Special Taxes representing a 10% aggregate of the Special Tax Levy.

Special Tax Levy by Land Use Class CFD No. 2000-1

Fiscal Year	Subject Fiscal Year					June 30, 2025	
	Aggregate Special Tax	Parcels Delinquent	Amount Collected	Amount Delinquent	Delinquency Rate	Remaining Amount Delinquent ^[1]	Remaining Delinquency Rate
2019/2020	\$124,320.56	6	\$118,855.92	\$5,464.64	4.40%	\$0.00	0.00%
2020/2021	124,320.56	2	122,271.32	2,049.24	1.65%	0.00	0.00%
2021/2022	124,320.56	4	120,222.08	4,098.48	3.30%	0.00	0.00%
2022/2023	111,980.96	5	107,058.72	4,922.24	4.40%	0.00	0.00%
2023/2024	111,980.96	2	109,519.84	2,461.12	2.20%	0.00	0.00%
2024/2025	111,980.96	2	109,519.84	2,461.12	2.20%	2,461.12	2.20%

[1] Orange County participates in the Teeter Plan, whereby the School District receives 100% of the Special Taxes levied irrespective of delinquencies and the County receives all delinquency interest and penalties.

Special Tax Levy by Land Use Class CFD No. 2001-1

Fiscal Year	Subject Fiscal Year					June 30, 2025	
	Aggregate Special Tax	Parcels Delinquent	Amount Collected	Amount Delinquent	Delinquency Rate	Remaining Amount Delinquent ^[1]	Remaining Delinquency Rate
2019/2020	\$1,690,750.36	21	\$1,671,088.21	\$19,662.15	1.16%	\$0.00	0.00%
2020/2021	1,690,750.36	5	1,686,718.09	4,032.27	0.24%	0.00	0.00%
2021/2022	1,690,750.36	23	1,668,729.50	22,020.86	1.30%	3,624.70	0.21%
2022/2023	1,490,902.40	45	1,454,819.49	36,082.91	2.42%	5,143.62	0.35%
2023/2024	1,490,902.40	23	1,467,738.90	23,163.50	1.55%	6,753.54	0.45%
2024/2025	1,490,902.40	32	1,462,914.66	27,987.74	1.88%	14,593.66	0.98%

[1] Orange County participates in the Teeter Plan, whereby the School District receives 100% of the Special Taxes levied irrespective of delinquencies and the County receives all delinquency interest and penalties.

B. Foreclosure Update

The District CFDs have covenanted that they will commence judicial foreclosure proceedings against any single parcel with aggregate delinquent Special Taxes in excess of the amount of \$5,000 or more by the October 1st determination date following the close of each Fiscal Year in which such Special Taxes were due. Additionally, The District CFDs will commence judicial foreclosure proceedings against all parcels with delinquent Special Taxes by the October 1st following the close of each Fiscal Year in which it receives Special Taxes in an amount which is less than 95% of the total Special Tax levied; however foreclosure proceeding may be deferred for this requirement if the proportionate share of the Reserve Fund for the District CFDs is fully funded and the Debt Service can be paid.

After reviewing the level of delinquencies within the District CFDs as of June 30, 2025, it was determined that the District CFDs were not required to initiate foreclosure proceedings for Fiscal Year 2024/2025.

IV. Debt and Assessed Values

The items below summarize information required by the Disclosure Covenant regarding outstanding debt and Assessed Valuations.

A. Value to Lien

A summary of the value-to-lien ratios for the District CFDs are found in the table below.

Fiscal Year 2025/2026 Secured Assessed Valuation to Lien By District CFD

Value-to-Lien Category	No. of Parcels Taxed	Fiscal Year 2025/2026 Special Tax	Percentage Share of Special Tax	Land Value	Improvement Value	Total Assessed Value ^[1]	Outstanding Local Obligations ^[2]	Value-to-Debt Ratio
CFD No. 2000-1	91	\$111,980.96	6.99%	\$57,356,147.00	\$54,167,981.00	\$111,524,128.00	\$400,000.00	278.81:1
CFD No. 2001-1	1,129	1,490,902.40	93.01%	565,185,338.00	445,557,816.00	1,010,743,154.00	6,500,000.00	155.50:1
Total	1,220	\$1,602,883.36	100.00%	\$622,541,485.00	\$499,725,797.00	\$1,122,267,282.00	\$6,900,000.00	162.65:1

[1] Total Assessed Value as represented by the Fiscal Year 2025/2026 equalized tax roll of Orange County.

[2] Bonds Outstanding as of September 2, 2025.

V. Reports and Additional information

Below is information regarding the Bonds as required by the Disclosure Covenant.

A. Report to the California Debt and Investment Advisory Commission

A copy of the Yearly Fiscal Status Report filed to the California Debt and Investment Advisory Commission (“CDIAC”) filed on or before October 30, 2025, and the Annual Debt Transparency Reports filed to CDIAC on or before January 31, 2026, are also attached as Exhibit C.

B. Listed Events

Pursuant to the Disclosure Covenant, 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:

- (i) Any litigation (assuming proper and complete service of process and exclusive of civil litigation within the scope of applicable insurance coverages) or governmental proceedings which may have a material impact on the Authority’s financial position and/or which may impact the receipt or collection of Special Taxes by the Community Facilities District;
- (ii) Any delinquency in the payment of Special Taxes by a property owner within any Community Facilities District responsible for more than 10% of the aggregate Special Tax Levy; and
- (iii) Any default by the Authority on any obligations which may have an impact on the Authority’s ability to pay principal and interest on the Bonds.

None of these events occurred in Fiscal Year 2024/2025.

C. Additional Information

Pursuant to the Disclosure Covenant the School District shall provide further information, if any, as may be necessary to make the specifically required statements, considering the circumstances under which they are made, not misleading.

After a thorough review, the School District has determined that no additional information is needed for Fiscal Year 2024/2025.

[https://calschools.sharepoint.com/CFS/UNREGULATED/Fullerton Elementary/Continuing Disclosure/FY 2425/Reports/FullertonSDFA_2022 Series A_FY202425_ContDisc_D1.docx](https://calschools.sharepoint.com/CFS/UNREGULATED/Fullerton%20Elementary/Continuing%20Disclosure/FY%202425/Reports/FullertonSDFA_2022%20Series%20A_FY202425_ContDisc_D1.docx)

Exhibit A

**Audited Financial Statements
for Fiscal Year 2024/2025**



**FULLERTON SCHOOL DISTRICT
ORANGE COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2025**

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& NIGRO^{PC}**

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FULLERTON SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2025
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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fullerton School District
Fullerton, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fullerton School District, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the 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, each major fund, and the aggregate remaining fund information of the Fullerton School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements 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 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 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.

Changes in Accounting Principle

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior year liabilities on the Statement of Net Position were restated to adopt this standard. Our opinion is not modified with respect to this matter.

Auditors' 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 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 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, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 financial statements. Such information is the responsibility of management and 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the LEA Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to the 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 20, 2025, on our consideration of the 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 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 District's internal control over financial reporting and compliance.

Murrieta, California
December 20, 2025

FULLERTON SCHOOL DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the District for the year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes thereto which follow this section.

The Fullerton School District is a large suburban school district offering instruction to students from transitional kindergarten through eighth grade, including programs for preschool and special education. During the 2024-25 school year, the District operated fifteen elementary schools, two K-8 schools, and three junior high schools, on the traditional August through May schedule, for the instruction of approximately 11,250 students.

MISSION STATEMENT

The mission of the Fullerton School District is to work collaboratively with the community to provide an innovative, high-quality educational program for all students in a safe learning environment. Our motto, “Great Schools - Successful Kids” exemplifies the belief that all students will achieve academic excellence, acquire interpersonal skills, and develop technological expertise to contribute as productive citizens in a democratic society.

“GREAT SCHOOLS - SUCCESSFUL KIDS”

Focusing on Excellence

Student Learning

Develop and implement rigorous and innovative instructional programs within a safe and positive learning environment to help shape character, develop intellect, promote 21st Century learning skills, encourage collaboration, foster creativity, and provide for the joys of artistic expression.

Curriculum and Assessment

Provide a standards-based academic program that focuses on utilizing research-based instructional strategies with effective and timely feedback that allows staff and parents to work together to make instructional decisions that promote success for all students.

Budget and Resources

Maximize all existing funds and resources to enhance learning opportunities for all students while maintaining fiscal solvency and seeking new sources for revenue enhancement.

Staffing

Actively recruit, retain and value highly qualified, well-trained staff members.

Parents and Community

Promote service, partnerships and increased involvement among the District, schools, parents and the community of Fullerton to actively support our schools.

Staff Development

Encourage and support growth by implementing research-based professional development to guide work and align training opportunities to District goals, site goals and student needs.

Technology

Empower all students and staff to effectively integrate state-of-the-art technology in all facets of the instructional and operational programs of the District.

FULLERTON SCHOOL DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

MISSION STATEMENT (continued)

Leadership

Sustain a professional cutting edge leadership team that works together to promote collaboration and foster a positive learning and working environment for all students and staff.

Facilities

Maintain and improve facilities to provide a safe, attractive, positive learning and working environment for all students and staff.

FINANCIAL HIGHLIGHTS

District-Wide Financial Statements

- As of June 30, 2025, the District’s overall financial condition increased from June 30, 2024, as Net Position increased by \$8.9 million. This was mainly the result of an increase in assets.
- Overall revenues decreased \$3.9 million, to \$214.4 million. The largest category of revenue to the District is the Local Control Funding Formula (LCFF), which makes up \$140.2 million (65%) of total revenues.
- Overall expenditures decreased \$2.3 million, to \$205.5 million. The majority of expenditures \$143.6 million, were for instruction and instruction-related services.
- Revenues and expenditures both decreased. The resulting change to net position was \$8.9 million.
- Total District-wide expenses were \$205.5 million. Because a portion of these costs were paid for with charges, fees, and federal and state categorical programs, the net cost that required taxpayer funding was \$148.3 million.

General Fund Financial Statements

- The District’s General Fund recorded a net decrease to the ending Fund Balance for the year. Actual results were higher than the revised operating budget for the year. This positive variance came about primarily because of carryover of restricted funds.
- Revenues of almost \$199.4 million (\$148.0 million Unrestricted, \$51.4 million Restricted) were received.
- Expenditures of \$200.0 million (\$120.9 million Unrestricted, \$79.1 million Restricted) were made.
- The net result of operations was a decrease to the ending fund balance of \$0.6 million. (\$27.0 million increase in Unrestricted, \$27.7 million decrease in Restricted)

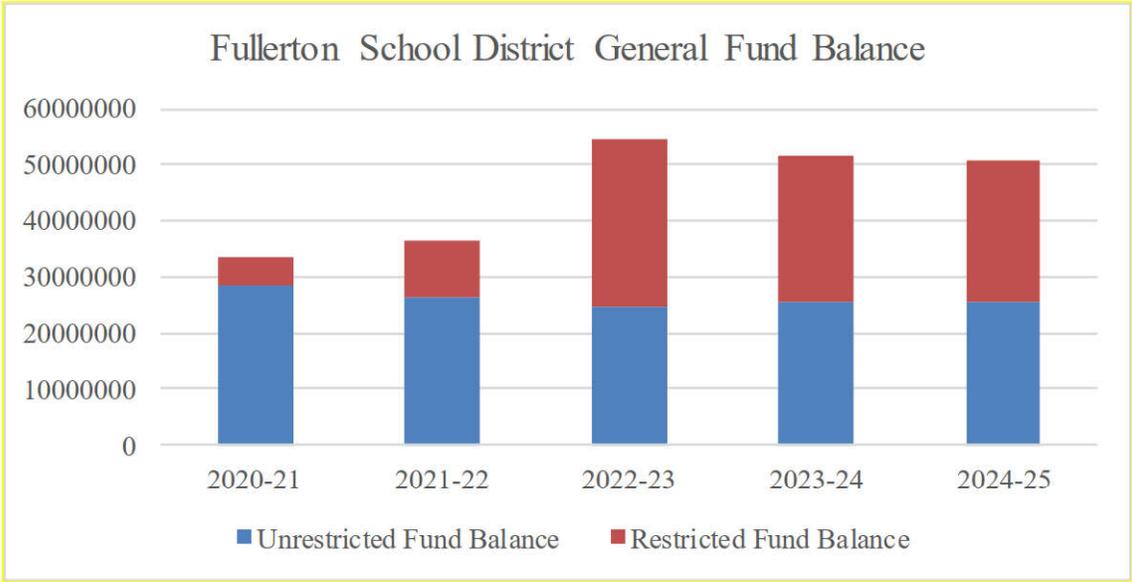
The five-year history of the District’s General Fund is as follows:

	Ending General Fund Balances			Net Change in Fund Balance
	Unrestricted	Restricted	Total	
2020-21	28,454,571	5,241,125	33,695,696	912,569
2021-22	26,493,493	9,917,563	36,411,056	2,715,360
2022-23	24,569,188	30,176,231	54,745,419	18,334,363
2023-24	25,495,059	26,095,696	51,590,755	(3,154,664)
2024-25	25,740,902	25,238,810	50,979,712	(611,043)

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL HIGHLIGHTS (continued)

General Fund Financial Statements (continued)



At June 30, 2025, the District's General Fund Balance was comprised of:

Nonspendable	\$	909,000
Legally Restricted		25,238,810
Committed		11,500,000
Assigned		4,571,746
Reserved Amounts		6,000,076
Unassigned		2,760,080
Total	\$	50,979,712

The amount Designated for Economic Uncertainties was \$6.0 million, or 3% of total General Fund expenditures. The State mandated requirement is a 3% reserve.

The actual amounts reported above are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund in accordance with the fund type definitions promulgated by GASB Statement No. 54.

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL HIGHLIGHTS (continued)

Local Control Funding Formula (LCFF) and Average Daily Attendance (ADA)

The majority of the District's unrestricted revenues are received from the State through the LCFF. The State switched to the LCFF funding formula in the 2013-14 fiscal year.

The State's 2013-14 budget presented an extraordinary change in California school district funding. The Revenue limits and most categorical programs which have existed since the 1970's *Serrano vs. Priest* decision were eliminated. Instead, the State implemented the LCFF. Under LCFF, instead of the State allocating funds and requiring the Districts to spend money on programs and services the State determines are a priority, the new funding formula gives local boards control over how to use funds and resources in a way that improves outcomes and opportunities for all students. The new funding model specifically addresses students with greater needs – such as English learners, low-income and foster youth – with input from the community and with specific student outcome in mind.

While the main drivers of the Revenue Limit were ADA and State-funded Cost of Living Adjustment (COLA), LCFF adds two additional factors:

- Unduplicated Percentages - defined as those students enrolled in the Free and Reduced Lunch program, English Language Learners, and Foster Youth. Due to the widely differing unduplicated count percentages in different school districts, the amounts received in LCFF funding will vary widely by District will become even more disparate as time goes on.
- Percentage of Gap Funding during Transition: Full implementation of the LCFF was beyond the State's prior year financial means. Therefore, the State initially intended to fully implement LCFF over an eight-year period. Each year, as part of the budget process, the Legislature and Governor (with consideration of the COLA and Proposition 98 requirements) will determine the amount of the gap funding to implement in the current budget year. Since 2018-19, LCFF has been fully funded.

The District calculates its LCFF apportionment based upon a formula incorporating these inputs. The District receives its share of local property taxes, and the State provides Apportionment Revenue to make up the total LCFF earned.

FULLERTON SCHOOL DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL HIGHLIGHTS (continued)

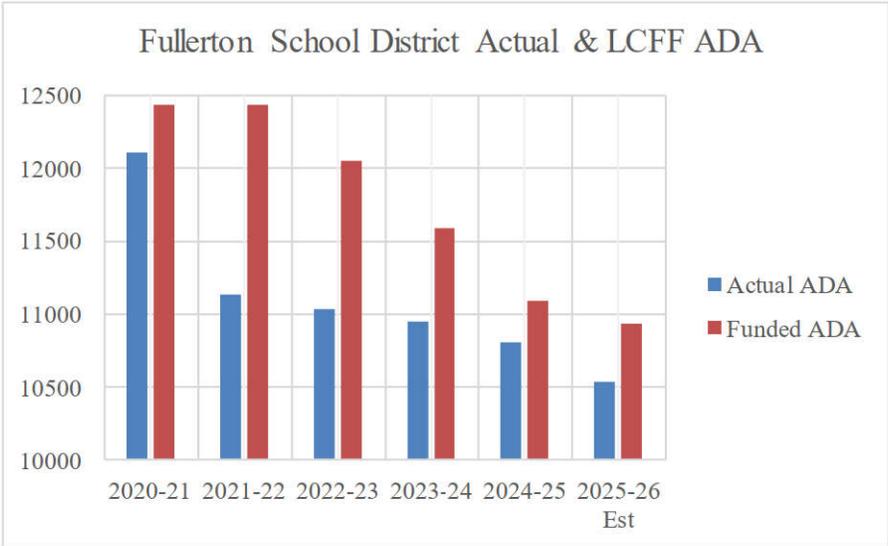
Average Daily Attendance (ADA)

Virtually all of the District’s funding is based upon the number of students in attendance at District schools, or ADA. Average Daily Attendance is calculated based upon the actual number of days a student attends school, divided by the total possible instructional days (180 days for a full school year). Thus, a student who attends class every day of the school year, with no absences, earns one ADA.

The District’s main funding source, the LCFF is calculated based on the District’s Second Period (“P-2”) ADA. Beginning with 2022-23, if a district is in a declining enrollment situation (like the Fullerton School District), LCFF is funded based on the higher of the current-year ADA, prior-year ADA, or a three-prior-year-average ADA option. Therefore, even though ADA decreased by approximately 140 in the fiscal year 2024-25, the District still earned LCFF based on the three-prior-year average ADA option, which was higher than the current-year and prior-year ADA.

The P-2 Actual ADA and the apportionment-earning ADA used in the calculation of the LCFF for the past five years, and the estimated LCFF ADA for 2024-25, are as follows:

	Actual ADA	Funded ADA	
2020-21	12,113	12,435	Held Harmless
2021-22	11,136	12,435	Prior
2022-23	11,041	12,052	3-PY Average
2023-24	10,944	11,588	3-PY Average
2024-25	10,804	11,089	3-PY Average
2025-26 Est	10,542	10,929	3-PY Average



FULLERTON SCHOOL DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

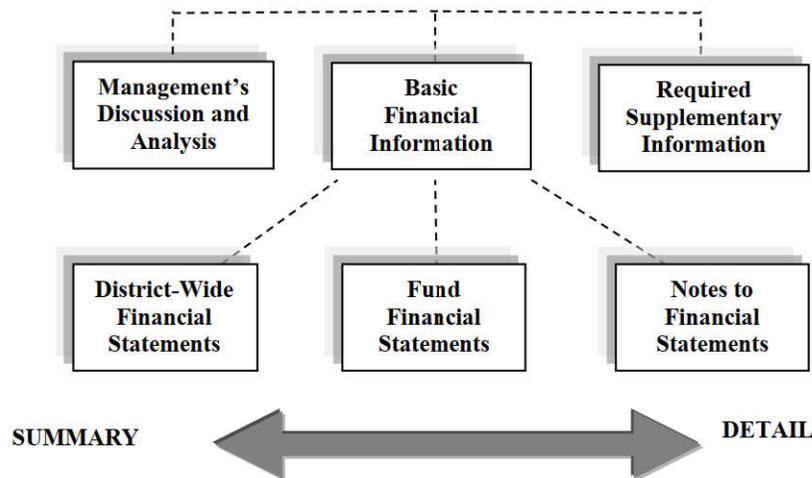
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management 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.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds* statements.
 - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of the Fullerton School District’s Annual Financial Report



The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 and liabilities. 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 it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and 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 demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *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 aid finance most of these activities.

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 debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- 1) *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 on a separate reconciliation page that explains the relationship (or differences) between them.
- 2) *Proprietary funds* – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provides more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for workers' compensation claims, dental benefits, and property and liability claims.

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

3) *Fiduciary funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs. The District’s fiduciary funds include CFD custodial funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2025, than it was the year before – increasing 28.5% to \$(22.3) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2025	2024*	Increase (Decrease)
Assets			
Current assets	\$ 140,746,582	\$ 94,188,278	\$ 46,558,304
Capital assets	94,462,816	83,635,024	10,827,792
Total Assets	235,209,398	177,823,302	57,386,096
Total Deferred Outflows of Resources	59,393,321	66,024,298	(6,630,977)
Liabilities			
Current liabilities	14,474,682	11,449,463	3,025,219
Long-term liabilities	248,643,430	228,328,538	20,314,892
Total Liabilities	263,118,112	239,778,001	23,340,111
Total Deferred Inflows of Resources	53,794,378	35,287,767	18,506,611
Net Position			
Net investment in capital assets	66,676,217	66,889,721	(213,504)
Restricted	58,656,268	43,576,672	15,079,596
Unrestricted	(147,642,256)	(141,684,561)	(5,957,695)
Total Net Position	\$ (22,309,771)	\$ (31,218,168)	\$ 8,908,397

*As restated

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net position, governmental activities. The District's total revenues decreased 1.8% to \$214.4 million (See Table A-2). The decrease is due primarily to decreased federal and state grants.

The total cost of all programs and services decreased 1.1% to \$205.5 million. The District's expenses are predominantly related to educating and caring for students, 80.4%. The purely administrative activities of the District accounted for just 5.4% of total costs. A significant contributor to the decrease in costs was a decline in instruction-related expenses.

Table A-2: Statement of Activities

	<u>Governmental Activities</u>		Variance
	<u>2025</u>	<u>2024*</u>	Increase (Decrease)
Revenues			
Program Revenues:			
Charges for services	\$ 967,664	\$ 1,521,317	\$ (553,653)
Operating grants and contributions	56,202,715	55,729,133	473,582
General Revenues:			
Property taxes	80,685,144	74,360,633	6,324,511
Federal and state aid not restricted	69,179,240	79,683,753	(10,504,513)
Other general revenues	7,330,346	6,942,466	387,880
Total Revenues	<u>214,365,109</u>	<u>218,237,302</u>	<u>(3,872,193)</u>
Expenses			
Instruction-related	143,627,493	152,432,845	(8,805,352)
Pupil services	21,638,181	21,601,888	36,293
Administration	11,008,264	10,966,551	41,713
Plant services	19,228,632	15,061,339	4,167,293
All other activities	9,954,142	7,692,520	2,261,622
Total Expenses	<u>205,456,712</u>	<u>207,755,143</u>	<u>(2,298,431)</u>
Increase (decrease) in net position	<u>\$ 8,908,397</u>	<u>\$ 10,482,159</u>	<u>\$ (1,573,762)</u>
Total Net Position	<u>\$ (22,309,771)</u>	<u>\$ (31,218,168)</u>	

**As restated*

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The Governmental Funds financial statements report the financial activities of the District net of the effect of long-term items such as capital assets, long-term debt, and other multi-year commitments. Rather, the Governmental Funds' statements generally present only financial transactions related to current assets and liabilities. These statements focus on cash received and spent in one year, and what assets are available at year end that can be spent on expenses and liabilities that will be paid within one fiscal year.

At June 30, 2025, the District reported a combined fund balance of \$119.5 million for all of its governmental funds, which represents an increase of \$43.6 million from last year's ending fund balance of \$75.9 million. The majority of the increase occurred in the Building Fund, from Bond proceeds for Measure N.

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (continued)

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2024	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2025
General Fund	\$ 51,590,755	\$ 199,351,093	\$ 201,687,708	\$ 1,725,572	\$ 50,979,712
Student Activity Fund	196,949	325,051	296,435	-	225,565
Child Development Fund	3,173,966	6,711,281	6,152,095	-	3,733,152
Cafeteria Fund	10,903,832	10,072,617	9,242,680	-	11,733,769
Deferred Maintenance Fund	56	3	-	-	59
Building Fund	845	741,347	11,163,944	49,000,000	38,578,248
Capital Facilities Fund	1,983,628	835,389	1,164,541	-	1,654,476
Special Reserve Fund (Capital Outlay)	3,471,322	1,973,409	1,622,359	-	3,822,372
Bond Interest and Redemption Fund	4,535,246	4,604,290	4,463,340	4,083,767	8,759,963
Total Governmental Fund Balances	<u>\$ 75,856,599</u>	<u>\$ 224,614,480</u>	<u>\$ 235,793,102</u>	<u>\$ 54,809,339</u>	<u>\$ 119,487,316</u>
Proprietary Fund:					
Self-Insurance Fund	\$ 4,119,865	\$ 3,224,283	\$ 2,929,574	\$ -	\$ 4,414,574

General Fund Budgetary Highlights

The District's primary operating fund, and the fund where the majority of its financial transactions take place, is the General Fund.

The overall financial health of the District is generally determined by the state of its General Fund. This fund reflects the effects on the District's finances caused by increased funding or cuts imposed by the State on public education funding. It is also the fund where the District Board and administration have the most flexibility to adjust expenditures to match changes in State and Federal funding.

The 2024-25 adopted budget was officially approved by the Board of Trustees on June 18, 2024. Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$12.8 million primarily to reflect increases in federal, state, and local revenue estimates. Other Federal and State revenue adjustments reflect differences between estimated and actual carryovers for June 30, 2025 (more revenue was carried over than expected so budgets increased for 2024-25). Increases in other local revenues reflect donations received during the year. The District does not budget revenues and expenditures related to donations until the actual donation is received.
- Expenditures – increased \$16.7 million, primarily to reflect employee compensation increases negotiated in the Spring of 2025, as well as the adjustment to the budget to reflect the expenditure of carryover amounts.

While the District's final budget for the General Fund anticipated that revenues would fall short of expenditures by about \$5.5 million, the actual results for the year show that revenues fell short of expenditures by roughly \$2.3 million. Actual revenues were \$1.4 million less than anticipated, and expenditures were \$4.6 million less than budgeted.

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024-25 the District had acquired \$16.5 million in new capital assets, related to land, construction in progress, site improvements, leases, subscription assets, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$5.3 million and amortization was \$284,333.

Table A-4: Capital Assets at Year End, Net of Depreciation and Amortization

	Governmental Activities		Variance
	2025	2024	Increase (Decrease)
Land	\$ 9,198,655	\$ 9,198,655	\$ -
Improvement of sites	17,783,281	14,909,150	2,874,131
Buildings	45,915,418	46,640,174	(724,756)
Equipment	2,283,707	2,731,611	(447,904)
Construction in progress	18,775,537	9,308,797	9,466,740
Leased assets	265,896	462,090	(196,194)
Subscription assets	240,322	384,547	(144,225)
Total	<u>\$ 94,462,816</u>	<u>\$ 83,635,024</u>	<u>\$ 10,827,792</u>

Long-Term Debt

At year-end the District had \$248.6 million in long-term liabilities – an increase of 8.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance
	2025	2024*	Increase (Decrease)
General obligation bonds	\$ 62,228,917	\$ 13,353,064	\$ 48,875,853
Certificates of participation	1,960,000	2,410,000	(450,000)
RDA loans	-	31,461	(31,461)
Early retirement incentives	324,653	649,305	(324,652)
Financed purchases	1,834,623	430,527	1,404,096
Leases	275,382	465,832	(190,450)
Subscription based IT arrangements	182,714	254,644	(71,930)
Compensated absences	14,997,358	14,407,973	589,385
Claims liability	3,090,147	2,938,634	151,513
Other postemployment benefits	30,527,509	35,249,129	(4,721,620)
Net pension liability	133,222,127	158,137,969	(24,915,842)
Total	<u>\$ 248,643,430</u>	<u>\$ 228,328,538</u>	<u>\$ 20,314,892</u>

*As restated

FULLERTON SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FACTORS BEARING ON THE DISTRICT'S FUTURE

California State Budget

The Budget aims to solve a \$11.8 billion General Fund deficit for 2025-26 through reductions, borrowing and fund shifts. The 2025-26 Enacted Budget relies on reserves and deferrals to meet its Proposition 98 obligations for the fiscal year, including the scheduled \$7.1 billion Budget Stabilization Act (BSA) withdrawal in 2025-26. This will leave a combined reserve balance of \$15.7 billion in 2025-26, including \$11.2 billion in the BSA and an additional \$4.5 billion in the state's discretionary reserve account (the Special Fund for Economic Uncertainties).

TK-12 Education

The Budget includes total funding of \$137.6 billion (\$80.5 billion General Fund and \$57.1 billion other funds) for all TK-12 education programs.

Proposition 98

The Budget revised estimates of General Fund revenues resulting in notable adjustments to the Proposition 98 Guarantee. The revised Guarantee for TK-14 schools is calculated to be \$98.5 billion in 2023-24, \$119.9 billion in 2024-25, and \$114.6 billion in 2025-26. These revised Proposition 98 levels represent an increase of approximately \$3.9 billion over the three-year period relative to the 2024 Budget Act. The Budget appropriates the 2024-25 Guarantee at \$118 billion, instead of the currently calculated level of \$119.9 billion. The difference between the appropriated and the calculated levels is \$1.9 billion, which is referred to as "settle-up." The 2024-25 Guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout 2026.

The Budget shifts the full TK expansion funding to the TK-12 education side of the Proposition 98 budget, beginning in the 2025-26 fiscal year. This shifts \$232.9 million in ongoing resources from community colleges to TK-12 schools. The purpose of re-benching Proposition 98 for the cost of TK expansion is to ensure that the implementation of universal TK does not create a fiscal burden on existing TK-12 programs.

The Budget includes a LCFF cost-of-living adjustment of 2.3 percent. When combined with population growth adjustments, these baseline adjustments will increase discretionary funds for local educational agencies (LEAs) by \$2.1 billion compared to the 2024 Budget Act. To fully fund the LCFF, the Budget uses \$405.3 million from the Proposition 98 Rainy Day Fund to support LCFF costs in 2025-26.

Budgetary deferrals of \$246.6 million for TK-12 education from 2024-25 will be fully repaid in 2025-26. However, to fully fund the LCFF and maintain the level of 2025-26 principal apportionments, the Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.

Funding Results for Education Programs

In the 2025-26 school year, the Budget provides a total of \$2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal TK. The Budget also provides an additional \$1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

The Budget provides \$515.1 million ongoing for the full implementation of the Expanded Learning Opportunities Program by increasing the number of elementary schools that offer universal access to students. Additionally, the Budget includes \$10.4 million to increase the minimum grant amount from \$50,000 to \$100,000 per LEA.

The Budget provides \$480 million to support literacy instruction aligned with the ELA/ELD Framework and includes multiple investments intended to support teachers and improve access to the educator pipeline. In addition, the Budget allocates \$1.7 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block Grant, as well as numerous one-time grants for various new and ongoing program support.

FULLERTON SCHOOL DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2025

FACTORS BEARING ON THE DISTRICT’S FUTURE (continued)

Federal Implications

Because the State Budget was approved in late June, it does not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The bill does not make any statutory or direct funding adjustments to TK-12 federal education programs, including Title I and the Individuals with Disabilities Education Act. However, the bill allocates \$100 million to the OMB to conduct reviews across the executive branch aimed at identifying “budget and accounting efficiencies.”

All of these factors were considered in preparing the Fullerton School District budget for the 2025-26 fiscal year.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Robert R. Coghlan, Ph.D., Assistant Superintendent, Business Services at (714) 447-7412.

FULLERTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Total Governmental Activities
ASSETS	
Deposits and investments	\$ 117,500,007
Accounts receivable	21,508,335
Inventories	965,067
Prepaid expenses	773,173
Capital assets:	
Non-depreciable capital assets	27,974,192
Depreciable capital assets	206,393,553
Less accumulated depreciation	(140,411,147)
Lease assets	753,846
Less accumulated amortization	(487,950)
Subscription assets	537,145
Less accumulated amortization	(296,823)
Total Assets	<u>235,209,398</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	116,789
Deferred outflows from OPEB	3,820,663
Deferred outflows from pensions	55,455,869
Total Deferred Outflows of Resources	<u>59,393,321</u>
LIABILITIES	
Accounts payable	12,821,662
Accrued interest payable	720,137
Unearned revenue	932,883
Noncurrent liabilities:	
Due or payable within one year	6,290,984
Due in more than one year:	
Other than OPEB and pensions	78,602,810
Total OPEB liability	30,527,509
Net pension liability	133,222,127
Total Liabilities	<u>263,118,112</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from OPEB	21,722,007
Deferred inflows from pensions	32,072,371
Total Deferred Inflows of Resources	<u>53,794,378</u>
NET POSITION	
Net investment in capital assets	66,676,217
Restricted for:	
Capital projects	5,307,816
Debt service	8,759,963
Categorical programs	39,948,350
Student activities	225,565
Self-insurance programs	4,414,574
Unrestricted	<u>(147,642,256)</u>
Total Net Position	<u>\$ (22,309,771)</u>

FULLERTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instructional Services:				
Instruction	\$ 112,521,770	\$ 82,834	\$ 24,648,125	\$ (87,790,811)
Instruction-Related Services:				
Supervision of instruction	11,394,347	3,642	8,041,011	(3,349,694)
Instructional library, media and technology	6,405,368	32	357,390	(6,047,946)
School site administration	13,306,008	9,365	1,654,521	(11,642,122)
Pupil Support Services:				
Home-to-school transportation	3,435,028	-	73,958	(3,361,070)
Food services	8,983,402	105,953	9,583,183	705,734
All other pupil services	9,219,751	20,740	2,989,974	(6,209,037)
General Administration Services:				
Other general administration	11,008,264	3,780	1,534,402	(9,470,082)
Plant services	19,228,632	72,538	891,742	(18,264,352)
Ancillary services	308,617	94,193	273,614	59,190
Enterprise activities	(224,681)	-	-	224,681
Community services	44,681	401	-	(44,280)
Interest on long-term debt	3,386,750	-	-	(3,386,750)
Transfers between agencies	904,193	574,186	6,154,795	5,824,788
Depreciation (unallocated)	5,250,249	-	-	(5,250,249)
Amortization (unallocated)	284,333	-	-	(284,333)
Total Governmental Activities	\$ 205,456,712	\$ 967,664	\$ 56,202,715	\$ (148,286,333)
General Revenues:				
				80,685,144
Property taxes				69,179,240
Federal and state aid not restricted to specific purpose				2,720,937
Interest and investment earnings				4,609,409
Miscellaneous				
				<u>157,194,730</u>
				<u>8,908,397</u>
Change in net position				
				(20,044,615)
Net position - July 1, 2024, as originally stated				
				<u>(11,173,553)</u>
Adjustment for restatement - (note 13)				
Net position - July 1, 2024, as restated				<u>(31,218,168)</u>
Net position - June 30, 2025				<u>\$ (22,309,771)</u>

FULLERTON SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 38,313,220	\$ 42,766,611	\$ 28,905,712	\$ 109,985,543
Accounts receivable	18,797,929	149,311	2,536,807	21,484,047
Due from other funds	1,426,380	88	308,815	1,735,283
Inventories	35,827	-	929,240	965,067
Prepaid expenditures	773,173	-	-	773,173
Total Assets	\$ 59,346,529	\$ 42,916,010	\$ 32,680,574	\$ 134,943,113
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 7,135,627	\$ 4,325,536	\$ 878,770	\$ 12,339,933
Due to other funds	645,790	12,226	1,524,965	2,182,981
Unearned revenue	585,341	-	347,542	932,883
Total Liabilities	8,366,758	4,337,762	2,751,277	15,455,797
Fund Balances				
Nonspendable	909,000	-	929,469	1,838,469
Restricted	25,238,810	38,578,248	28,073,415	91,890,473
Committed	11,500,000	-	-	11,500,000
Assigned	4,571,804	-	926,413	5,498,217
Unassigned	8,760,157	-	-	8,760,157
Total Fund Balances	50,979,771	38,578,248	29,929,297	119,487,316
Total Liabilities and Fund Balances	\$ 59,346,529	\$ 42,916,010	\$ 32,680,574	\$ 134,943,113

FULLERTON SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

Total Fund Balances - Governmental Funds \$ 119,487,316

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, leases, SBITAs and accumulated depreciation and amortization.

Capital assets at historical cost:	234,367,745	
Accumulated depreciation:	(140,411,147)	
Leased assets	753,846	
Subscription assets	537,145	
Accumulated amortization	<u>(784,773)</u>	
Net:		94,462,816

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were:

116,789

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:

(720,137)

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to government-wide statements, consist of:

General obligation bonds payable	62,228,917	
Certificates of participation payable	1,960,000	
Early retirement incentive	324,653	
Financed purchases	1,834,623	
Leases	275,382	
Subscription based IT arrangements	182,714	
Compensated absences	14,997,358	
Net pension liability	133,222,127	
Other postemployment benefits payable	<u>30,527,509</u>	
Total		(245,553,283)

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources relating to OPEB	3,820,663	
Deferred inflows of resources relating to OPEB	<u>(21,722,007)</u>	
Net:		(17,901,344)

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	55,455,869	
Deferred inflows of resources relating to pensions	<u>(32,072,371)</u>	
Net:		23,383,498

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for the internal service fund is:

4,414,574

Total Net Position - Governmental Activities \$ (22,309,771)

FULLERTON SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2025

	Formerly Major Fund		Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Cafeteria Fund		
REVENUES				
LCFF sources	\$ 140,169,814		\$ -	\$ 140,169,814
Federal sources	5,983,366		5,688,068	11,671,434
Other state sources	32,411,125		7,892,125	40,303,250
Other local sources	20,786,791		10,941,844	32,469,982
Total Revenues	199,351,096		24,522,037	224,614,480
EXPENDITURES				
Current:				
Instruction	121,915,881		3,934,698	125,850,579
Instruction-related services:				
Supervision of instruction	11,272,645		1,106,687	12,379,332
Instructional library, media and technology	6,097,908		-	6,097,908
School site administration	13,476,306		756,206	14,232,512
Pupil support services:				
Home-to-school transportation	3,472,475		-	3,472,475
Food services	1,060		8,890,797	8,891,857
All other pupil services	9,925,828		65,459	9,991,287
Ancillary services	12,541		296,435	308,976
Community services	46,751		-	46,751
General administration services:				
Other general administration	10,552,627		-	10,552,627
Plant services	16,837,587		584,806	17,422,393
Transfers of indirect costs	(558,152)		558,152	-
Capital outlay	5,722,797		2,253,409	18,793,782
Intergovernmental	1,783,262		-	1,783,262
Debt service:				
Issuance costs	-		346,368	346,368
Principal	1,033,856		4,151,461	5,185,317
Interest	94,336		343,340	437,676
Total Expenditures	201,687,708		22,941,450	235,793,102
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,336,612)		1,580,587	(11,178,622)
OTHER FINANCING SOURCES (USES)				
Proceeds from subscription based IT arrangements and financing	1,725,572		-	1,725,572
Issuance of debt - general obligation bonds	-		-	49,000,000
Premiums on issuance of debt	-		4,083,767	4,083,767
Total Other Financing Sources and Uses	1,725,572		4,083,767	54,809,339
Net Change in Fund Balances	(611,040)		5,664,354	43,630,717
Fund Balances, July 1, 2024, as previously reported	51,590,811	10,903,832	-	75,856,599
Change within financial reporting entity (major vs nonmajor fund)	-	(10,903,832)	845	-
Fund Balances, July 1, 2024, as restated	51,590,811		845	75,856,599
Fund Balances, June 30, 2025	\$ 50,979,771	\$ -	\$ 38,578,248	\$ 119,487,316

FULLERTON SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds \$ 43,630,717

Amounts reported for governmental activities in the statement of activities are different because:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation and amortization expense for the period is:

Expenditures for capital outlay	16,458,852	
Depreciation expense	(5,250,249)	
Amortization expense	(284,333)	
Net expense adjustment:		10,924,270

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

5,185,317

The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment are recorded as deferred amounts on refunding and are amortized to interest expense over the life of the liability. Deferred amounts incurred, less amortization of this amount during the year was:

(82,591)

In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt issuance are reported as an increase to liabilities. Amounts recognized in governmental funds as proceeds from debt issuance including premiums were:

(54,809,339)

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or an other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premium or discount for the period is:

87,914

In government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time, and structured legal settlements. This year, expenses incurred for such obligations were:

324,652

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:

(96,478)

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(543,854)

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:

5,223,585

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:

(641,120)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(589,385)

The internal service fund is used by management to charge the cost of self-insurance activities. The net revenue (expense) of the internal service fund is reported with governmental activities.

294,709

Change in Net Position - Governmental Activities

\$ 8,908,397

FULLERTON SCHOOL DISTRICT
Statement of Net Position – Proprietary Funds
June 30, 2025

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
ASSETS	
Current:	
Deposits and investments	\$ 7,514,464
Accounts receivable	24,288
Due from other funds	<u>451,072</u>
 Total Assets	 <u>7,989,824</u>
LIABILITIES	
Accounts payable and accrued liabilities	481,729
Due to other funds	3,374
Estimated liability for open claims and IBNR	<u>3,090,147</u>
 Total Liabilities	 <u>3,575,250</u>
NET POSITION	
Restricted	<u>\$ 4,414,574</u>

FULLERTON SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities Internal Service Fund
OPERATING REVENUES	
Charges to other funds	\$ 3,148,157
Total operating revenues	<u>3,148,157</u>
OPERATING EXPENSES	
Current:	
Classified salaries	223,786
Employee benefits	119,876
Books and supplies	24,498
Services and other operating expenditures	<u>2,561,414</u>
Total operating expenses	<u>2,929,574</u>
Operating Income (Loss)	218,583
NON-OPERATING REVENUES	
Interest income	<u>76,126</u>
Change in net position	294,709
Net position, July 1, 2024	<u>4,119,865</u>
Net position, June 30, 2025	<u>\$ 4,414,574</u>

FULLERTON SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from in-district premiums	\$ 3,853,482
Payments to employees and fringe benefits	(356,757)
Payments to vendors and suppliers	(929,994)
Payments on insurance claims	(1,097,725)
Net cash provided (used) by operating activities	<u>1,469,006</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>73,897</u>
Net increase (decrease) in cash	1,542,903
Cash, July 1, 2024	<u>5,971,561</u>
Cash, June 30, 2025	<u><u>\$ 7,514,464</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 218,583
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets, liabilities, and deferred outflows of resources:	
Due from other funds	705,325
Estimated liability for open claims and IBNRs	151,513
Accounts payable and accrued liabilities	406,680
Due to other funds	(13,095)
Total adjustments	<u>1,250,423</u>
Net cash (used) by operating activities	<u><u>\$ 1,469,006</u></u>

FULLERTON SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2025

	<u>Agency Funds</u>
	<u>Debt Service</u>
	<u>Fund for Special</u>
	<u>Tax Bonds</u>
ASSETS	
Deposits and investments	\$ 1,864,888
Accounts receivable	<u>69,727</u>
Total Assets	<u>\$ 1,934,615</u>
LIABILITIES	
Accounts payable	101,486
Unearned revenue	<u>1,086,710</u>
Total Liabilities	<u>1,188,196</u>
NET POSITION	
Restricted	<u>\$ 746,419</u>

FULLERTON SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
June 30, 2025

	<u>Agency Funds</u>
	<u>Debt Service</u>
	<u>Fund for Special</u>
	<u>Tax Bonds</u>
ADDITIONS	
Local property taxes	\$ 757,632
Interest	40,818
All other local	69,614
All other transfers in	315,939
Total Additions	<u>1,184,003</u>
Deductions	
General administration	167,724
Debt service-interest	187,150
Debt service-principal	438,761
All other financing uses	253,158
Total Deductions	<u>1,046,793</u>
Change in fiduciary net position	137,210
Net position - July 1, 2024	<u>609,209</u>
Net position - June 30, 2025	<u>\$ 746,419</u>

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fullerton 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:

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the Board of Trustees of the component units is essentially the same as the Board of Trustees of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Fullerton School District Capital Facilities Corporation (the Corporation) financial activity is presented in the financial statements as the Capital Projects for Blended Component Units Fund and the Debt Service for Blended Component Units Fund. Certificates of participation and other debt issued by the Corporation are included as long-term liabilities in the District-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

The Fullerton School District Community Facilities Districts (CFDs) financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included in the long-term obligations of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintained a Deferred Maintenance Fund. The Deferred Maintenance Fund does not meet the definition of special revenue funds as it is not primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of special revenue funds under GASB 54, the activity in that fund is being reported within the General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* Sections 38090 and 38093).

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds in the District. Separate funds may be established for each type of self-insurance activity, such as workers’ compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District’s own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary funds:

Debt Service Fund for Special Tax Bonds: This fund is used to account for the accumulation of resources for, and the repayment, of Community Facility District bonds, interest and related costs.

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District’s proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

3. Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

4. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report 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 and will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The District has implemented GASB Statement No. 101, *Compensated Absences*. A liability is reported for unused vacation leave. Although sick leave is not paid out upon separation, a liability is recorded for the portion of sick leave that is more likely than not to be used for paid time off. The liability is measured using current pay rates and includes applicable salary-related costs.

7. Leases

Lessee:

The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. At the commencement of the lease term, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

7. Leases (continued)

Lessor:

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

8. Subscription-Based Information Technology Arrangements

The District recognizes a subscription liability and an intangible right-to-use subscriptions IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the lease liability, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 4 years.

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

11. Fund Balances (continued)

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

F. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that 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 reported period. Actual results could differ from those estimates.

H. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires the recognition of accrued compensated absences as a liability in the financial statements. The implementation resulted in a cumulative effect adjustment to beginning net position to reflect the recognition of accumulated leave liabilities previously unrecorded. The impact on the District's beginning net position was a decrease of \$11,173,553.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 109,985,543
Proprietary funds	7,514,464
Governmental Activities	117,500,007
Fiduciary funds	1,864,888
Total Deposits and Investments	\$ 119,364,895

Deposits and investments as of June 30, 2025 consist of the following:

Cash on hand and in banks	\$ 10,303,769
Cash in revolving fund	100,229
Cash with fiscal agent	2,099,465
Investments	106,861,432
Total Deposits and Investments	\$ 119,364,895

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Orange 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 pro-rata share of the fair value provided by the Orange 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 Orange County Treasurer, which is recorded on the amortized basis.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2025, \$10,179,091 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments – Interest Rate Risk

The District’s investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District’s investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment.

Maturities of investments held at June 30, 2025, consist of the following:

	Reported Amount	Maturity		Fair Value Measurement	Rating
		Less Than One Year	One Year Through Five Years		
Investments:					
US Bank - Money Market	\$ 1,830,865	\$ 1,830,865	\$ -	Level 2	N/A
Orange County Pool	105,030,567	105,030,567	-	uncategorized	N/A
Total Investments	\$ 106,861,432	\$ 106,861,432	\$ -		

Investments – Credit Risk

The District’s investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2025, all investments represented governmental securities which were issued, registered and held by the District’s agent in the District’s name.

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025, the District had the following investment that represents more than five percent of the District’s net investments, outside the County pool.

US Bank - Money Market	100%
------------------------	------

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 – Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

Uncategorized – Investments in the Orange County Treasury Investment Pool are not measured using the input levels above because the District’s transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
Federal Government:					
Categorical aid programs	\$ 1,811,774	\$ -	\$ 1,276,039	\$ 3,087,813	\$ -
State Government:					
LCFF sources	4,579,325	-	-	4,579,325	-
Lottery	850,277	-	-	850,277	-
Child nutrition	-	-	1,028,053	1,028,053	-
Categorical aid programs	9,922,737	-	26,378	9,949,115	-
Local:					
Special education	459,758	-	-	459,758	-
Interest	438,285	149,309	82,025	669,619	24,288
Other local	735,773	2	124,312	860,087	-
Total	<u>\$ 18,797,929</u>	<u>\$ 149,311</u>	<u>\$ 2,536,807</u>	<u>\$ 21,484,047</u>	<u>\$ 24,288</u>

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 – INTERFUND TRANSACTIONS

Balances Due To/From Other Funds (continued)

	Governmental Activities				
	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
General Fund	\$ -	\$ 88	\$ 308,815	\$ 308,903	\$ 336,887
Building Fund	6,249	-	-	6,249	5,977
Non-Major Funds	1,416,757	-	-	1,416,757	108,208
Proprietary Fund	3,374	-	-	3,374	-
Total	\$ 1,426,380	\$ 88	\$ 308,815	\$ 1,735,283	\$ 451,072

General Fund due to Special Reserve Fund for Capital Outlay Projects for reclass of expenditures	\$ 308,014
General Fund due to Building Fund for reclass of expenditures	88
General Fund due to Self-Insurance Fund for contribution	300,000
General Fund due to Child Development Fund for reclass of expenditures	801
General Fund due to Self-Insurance Fund for workers compensation	36,887
Child Development Fund due to General Fund for indirect costs	104,955
Child Development Fund due to General Fund for payroll and benefits	70,202
Child Development Fund due to General Fund for reclass of expenditures	3,484
Child Development Fund due to Self-Insurance Fund for payroll and benefits	96,969
Building Fund due to General Fund for reclass of expenditures	6,249
Building Fund due to Self-Insurance Fund for payroll and benefits	5,977
Capital Facilities Fund due to General Fund for OPEB and other benefits	1,155
Capital Facilities Fund due to Self-Insurance Fund for payroll benefits	3,193
Special Reserve Fund for Capital Outlay Projects due to General Fund for OPEB and benefits	6,716
Special Reserve Fund for Capital Outlay Projects due to General Fund for reclass of expenditures	5,266
Special Reserve Fund for Capital Outlay Projects due to Self-Insurance Fund for payroll benefits	8,046
Cafeteria Fund due to General Fund for salaries	1,224,979
Self-Insurance Fund due to General Fund for OPEB and other benefits	3,374
	\$ 2,186,355

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 5 – FUND BALANCES

At June 30, 2025, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Revolving cash	\$ 100,000	\$ -	\$ 229	\$ 100,229
Stores inventories	35,827	-	929,240	965,067
Prepaid expenditures	773,173	-	-	773,173
Total Nonspendable	909,000	-	929,469	1,838,469
Restricted:				
Categorical programs	25,238,810	-	2,975,771	28,214,581
Child nutrition program	-	-	10,804,300	10,804,300
Capital projects	-	38,578,248	5,307,816	43,886,064
Debt service	-	-	8,759,963	8,759,963
Student activity	-	-	225,565	225,565
Total Restricted	25,238,810	38,578,248	28,073,415	91,890,473
Committed:				
Other commitments	11,500,000	-	-	11,500,000
Total Committed	11,500,000	-	-	11,500,000
Assigned:				
Textbook adoptions	1,250,000	-	-	1,250,000
Deferred maintenance	750,059	-	-	750,059
Departmental carryover	2,571,745	-	-	2,571,745
All other assigned	-	-	926,413	926,413
Total Assigned	4,571,804	-	926,413	5,498,217
Unassigned:				
Reserve for economic uncertainties	6,000,076	-	-	6,000,076
Remaining unassigned balances	2,760,081	-	-	2,760,081
Total Unassigned	8,760,157	-	-	8,760,157
Total	\$ 50,979,771	\$ 38,578,248	\$ 29,929,297	\$ 119,487,316

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Additions	Deletions	Balance, June 30, 2025
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 9,198,655	\$ -	\$ -	\$ 9,198,655
Construction in progress	9,308,797	16,411,691	6,944,951	18,775,537
Total capital assets not being depreciated	18,507,452	16,411,691	6,944,951	27,974,192
Capital assets being depreciated:				
Improvement of sites	34,999,881	3,703,711	-	38,703,592
Buildings and improvements	145,595,706	2,957,561	-	148,553,267
Machinery and equipment	18,846,246	290,448	-	19,136,694
Total capital assets being depreciated	199,441,833	6,951,720	-	206,393,553
Less accumulated depreciation:				
Improvement of sites	(20,090,731)	(829,580)	-	(20,920,311)
Buildings and improvements	(98,955,532)	(3,682,317)	-	(102,637,849)
Machinery and equipment	(16,114,635)	(738,352)	-	(16,852,987)
Total accumulated depreciation	(135,160,898)	(5,250,249)	-	(140,411,147)
Leased assets:				
Equipment leases	753,846	-	-	753,846
Accumulated amortization for:				
Equipment leases	(291,756)	(196,194)	-	(487,950)
Total leased assets, net	462,090	(196,194)	-	265,896
Subscription assets:				
IT subscriptions	617,350	40,392	120,597	537,145
Accumulated amortization for:				
IT subscriptions	(232,803)	(88,139)	(24,119)	(296,823)
Total subscription assets, net	384,547	(47,747)	96,478	240,322
Governmental activity capital assets, net	\$ 83,635,024	\$ 17,869,221	\$ 7,041,429	\$ 94,462,816

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term debt for the year ended June 30, 2025, were as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025	Amount Due Within One Year
General Obligation Bonds:					
Principal payments	\$ 13,190,000	\$ 49,000,000	\$ 4,120,000	\$ 58,070,000	\$ 4,400,000
Unamortized issuance premium	163,064	4,083,767	87,914	4,158,917	201,352
Total General Obligation Bonds	13,353,064	53,083,767	4,207,914	62,228,917	4,601,352
Certificates of Participation	2,410,000	-	450,000	1,960,000	465,000
Fullerton RDA Loan	31,461	-	31,461	-	-
Early Retirement Incentive	649,305	-	324,652	324,653	324,653
Financed purchases	430,527	1,685,180	281,084	1,834,623	639,241
Lease agreements	465,832	-	190,450	275,382	183,573
SBITAs	254,644	40,392	112,322	182,714	77,165
Compensated Absences					
Vacation leave	3,234,420	168,296	-	3,402,716	-
Sick leave*	11,173,553	421,089	-	11,594,642	-
Claims Payable	2,938,634	151,513	-	3,090,147	-
Totals	\$ 34,941,440	\$ 55,550,237	\$ 5,597,883	\$ 84,893,794	\$ 6,290,984

*As restated

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. Certificates of Participation, financed purchase payments, leases and SBITA payments are made by the General Fund. RDA loan payments are made from the Capital Facilities Fund. Early retirement incentive will be paid for by the fund for which the employee worked. Claims payments are made from the Internal Service Fund. Additions and deductions for compensated absences are reported net of their cumulative change in the current year.

A. General Obligation Bonds

On March 5, 2002, a special election was held at which more than 55 percent of the voters in the District approved Measure “CC”, which authorized the issuance and sale of \$49.7 million of general obligation bonds. The bonds are general obligations of the District, and the County is obligated to annually levy ad valorem taxes for the payment of the interest on, and the principal of the bonds. The bonds were issued to finance the construction of new facilities, such as multipurpose rooms, and renovation and improvement at existing schools and to fund a portion of the cost of construction of a new elementary school.

2014 Refunding General Obligation Bonds

On September 18, 2014, the District issued \$6,080,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates between 3.0% and 5.0% with annual maturities from August 1, 2015, through August 1, 2026. The net proceeds of \$6,685,239 (after premiums of \$782,710 and issuance costs of \$177,471) were used to prepay the District’s outstanding General Obligation Bonds. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net assets and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of \$21,146 remain to be amortized. As of June 30, 2025, all principal balance on the defeased debt was paid.

2018 General Obligation Refunding Bonds

On February 14, 2018, the District issued \$12,365,000 of General Obligation Refunding Bonds. The bonds bear fixed interest rates ranging between 1.89% and 3.16% with annual maturities from August 1, 2018, through August 1, 2026. The net proceeds of \$12,134,613 (after issuance costs of \$230,387) were used to prepay a portion of the District’s outstanding General Obligation Refunding Bonds of 2010, in addition to paying the costs of issuance associated with the refunding bonds. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net assets and are amortized to interest expense over the life of the liability. Deferred amounts of refunding of \$59,444 remain to be amortized.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. As of June 30, 2025, the principal balance outstanding on the defeased debt has been fully paid.

Measure N

On November 5, 2024, an election of registered voters of the District was held at which the requisite 55% of the people voting on the proposition voted to authorize the issuance and sale of \$262 million of General Obligation Bonds. The Bonds are being issued to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities and to pay the costs of issuing the Bonds. The Bonds are general obligations of the District payable solely from ad valorem property taxes. The Bonds were issued as current interest bonds and are payable semiannually on February 1 and August 1 of each year, commencing August 1, 2025. On May 7, 2025, the District issued \$49 million of 2024 General Obligation Bonds, Series A.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

A summary of outstanding general obligation bonds issued is presented below:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2024	Additions	Deductions	Balance June 30, 2025
2014 Ref.	9/18/2014	8/1/2026	3.0%-5.0%	\$ 6,080,000	\$ 1,960,000	\$ -	\$ 625,000	\$ 1,335,000
2018 Ref.	2/14/2018	8/1/2026	1.89%-3.16%	12,365,000	11,230,000	-	3,495,000	7,735,000
<i>Measure N</i>								
2024 A	5/7/2025	8/1/2054	4.5%-8.0%	49,000,000	-	49,000,000	-	49,000,000
				<u>\$ 67,445,000</u>	<u>\$ 13,190,000</u>	<u>\$ 49,000,000</u>	<u>\$ 4,120,000</u>	<u>\$ 58,070,000</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2025, were as follows:

Fiscal Year	Principal	Interest	Total
2025-26	\$ 4,400,000	\$ 2,264,346	\$ 6,664,346
2026-27	4,670,000	2,870,209	7,540,209
2027-28	5,250,000	2,586,963	7,836,963
2028-29	5,350,000	2,162,963	7,512,963
2029-30	45,000	1,947,612	1,992,612
2030-35	2,130,000	9,431,612	11,561,612
2035-40	4,600,000	8,510,781	13,110,781
2040-45	9,160,000	6,709,900	15,869,900
2045-50	10,325,000	3,943,300	14,268,300
2050-55	12,140,000	1,472,425	13,612,425
Total	<u>\$ 58,070,000</u>	<u>\$ 41,900,111</u>	<u>\$ 99,970,111</u>

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Certificates of Participation

2011 Refunding Certificates of Participation

On November 10, 2011, the District issued \$6,935,000 of Refunding Certificates of Participation. The Certificates bear fixed interest rates averaging 3.4% with annual maturities from June 1, 2012, through June 1, 2029. The net proceeds of \$6,832,899 (after issuance costs of \$102,101) were used to prepay the District’s outstanding Certificates of Participation.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded certificates. As a result, the refunded certificates are considered to be defeased, and the related liability for the certificates has been removed from the District’s liabilities. Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the Statement of Net Position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of \$36,199 remain to be amortized.

As of June 30, 2025, the annual requirements to amortize all certificates were as follows:

Fiscal Year	Principal	Interest	Total
2025-26	\$ 465,000	\$ 55,350	\$ 520,350
2026-27	480,000	41,250	521,250
2027-28	500,000	26,700	526,700
2028-29	515,000	11,550	526,550
Total	<u>\$ 1,960,000</u>	<u>\$ 134,850</u>	<u>\$ 2,094,850</u>

C. Fullerton Redevelopment Agency Loan

An agreement was entered into May 16, 2000, for the Fullerton Redevelopment Agency to loan \$1,320,000 to the District for the expansion of Maple Elementary School. The District received the proceeds from the loan July 2000. The loan does not accrue interest. Payments are due each July beginning in 2001 for 25 years. As of June 30, 2025, this loan has been paid in full.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

D. Financed Purchases

The District financed equipment valued at \$3.9 million, in separate agreements that provide for title to pass upon expiration of the lease period. The interest rates in the agreements range from 2.59% to 4.51%. The agreements range from 48-60 months. Future minimum payments are as follows:

Fiscal Year	Principal	Interest
2025-26	\$ 639,241	\$ 2,227
2026-27	350,458	5,514
2027-28	351,816	4,156
2028-29	353,186	2,785
2029-30	139,922	1,399
Total	<u>\$ 1,834,623</u>	<u>\$ 16,081</u>

E. Leases Agreements

The District is involved in several leases for equipment. The initial terms for these leases are 36-48 months. There are no variable payments not included in the measurement of the lease liability, no residual value guarantees provided and no commitments before the commencement of the lease term. The District used either the stated interest rate or the State’s incremental borrowing rate at inception to discount the lease payments to the net present value. Other key assumptions and policies can be found in Note 1.D. The related asset disclosures are presented in Note 6.

Annual future payments are as follows:

Fiscal Year	Principal	Interest
2025-26	\$ 183,573	\$ 22,073
2026-27	60,747	10,782
2027-28	25,586	2,257
2028-29	5,476	146
Total	<u>\$ 275,382</u>	<u>\$ 35,258</u>

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

F. Subscription Based IT Arrangements

The District is involved in several arrangements for subscription-based software. The initial terms for these subscriptions range from 36 to 60 months. There are no variable payments not included in the measurement of the lease liability, no residual value guarantees provided and no commitments before the commencement of the lease term. The District used either the stated interest rate or the State’s incremental borrowing rate at inception to discount the subscription payments to the net present value. Other key assumptions and policies can be found in Note 1.D. The related asset disclosures are presented in Note 6.

Annual future payments are as follows:

Fiscal Year	Principal	Interest
2025-26	\$ 77,165	\$ 7,711
2026-27	78,791	4,768
2027-28	26,758	1,621
Total	<u>\$ 182,714</u>	<u>\$ 14,100</u>

G. Early Retirement

The District has established a supplemental early retirement incentive program (SERP) whereby certain qualified employees may retire and receive a portion of their salary paid out as an annuity. The total future payments owing at June 30, 2025, for these obligations are shown below:

Fiscal Year	Payment
2025-26	<u>\$ 324,653</u>

H. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings.

On August 8, 2013, the Fullerton School District Financing Authority issued \$16,475,000 in special tax revenue refunding bonds. The bonds were issued to refund two outstanding bonds previously issued by the Community Facilities Districts formed by the Fullerton School District. The bonds carry stated interest rates ranging between 2.00% - 5.25% and fully mature in September 2031. Special assessment debt of \$7,260,000 as of June 30, 2025, does not represent debt of the District and, as such, does not appear in the financial statements.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2025, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 30,092,061	\$ 3,820,663	\$ 21,722,007	\$ 2,278,741
MPP Program	435,448	-	-	(120,638)
Totals	<u>\$ 30,527,509</u>	<u>\$ 3,820,663</u>	<u>\$ 21,722,007</u>	<u>\$ 2,158,103</u>

The details of each plan are as follows:

District Plan

Plan Description

The Fullerton School District has a single-employer defined-benefits plan that provides post-employment benefits other than pensions (OPEB) to employees who meet certain criteria. The District provides post-employment healthcare benefits to eligible retirees and their covered dependent or domestic partner and pays a portion of the cost. All active employees who retire directly from the District and meet the eligibility criteria may participate. The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The postretirement health plans, and the District’s obligation vary by employee group as described below.

Certificated, Classified and Management employees may retire with District-paid health benefits after completing at least 10 years of District service and attainment of age 55. Certificated employees must have 10 years of full-time service with the District to be eligible. Classified employees may become eligible based on part-time service, with their District contributions pro-rated for full-time equivalency less than 100%. Management employees may have up to five years of management work in another district credited towards the 10-year requirement.

Certificated Employees

Certificated retirees receive a District contribution equal to the single-party PPO medical premium and dental PPO premium. One dependent may be covered at the retiree's expense. If the retiree elects two-party coverage, any expense above the single-party PPO plan will be paid on a monthly basis.

Classified Employees

Classified retirees receive a District contribution equal to the single-party medical and dental PPO premiums and the two-party vision premium. One dependent may be covered, and the District will contribute up to the pro rata share of the cost, based on the relationship of hours worked to full-time employment, for the median value of the lowest two-party HMO plan and the highest two-party HMO plan.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided (continued)

Management Employees

Management retirees receive a District contribution equal to the single-party medical, dental and vision premiums. Spouses may be covered, and the District will contribute an amount on behalf of the spouse up to the cost of the highest two-party HMO plan for the coverage selected.

The District's contribution ends at age 65 in all cases, except that one retired Superintendent is receiving lifetime supplemental coverage for self and spouse. Retired Superintendents and Assistant Superintendents have slightly different provisions that apply but in all cases except those mentioned above, benefits end at age 65. Management retirees are eligible to continue dental and vision coverage at full cost to retiree once they reach age 65.

Employees Covered by Benefit Terms

As of the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	71
Active employees	<u>1,186</u>
Total	<u><u>1,257</u></u>

Total OPEB Liability

The District's total OPEB liability of \$30,092,061 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2025
Valuation interest rate	5.20%
Salary increases	2.75%
Healthcare cost trend rates	4.00%
Inflation	2.50%

Discount Rate

The discount rate of 5.20% is based on the Bond Buyer 20 Bond Index.

Mortality Rates

Mortality rates were based on the 2020 CalSTRS mortality table for Certificated Employees and the 2021 CalPERS mortality for miscellaneous and schools employees.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2024	<u>\$ 34,693,043</u>
Changes for the year:	
Service cost	2,333,513
Interest	1,379,481
Differences between expected and actual experience	(3,893,968)
Changes of assumptions	(2,903,025)
Benefit payments	<u>(1,516,983)</u>
Net changes	<u>(4,600,982)</u>
Balance at June 30, 2025	<u><u>\$ 30,092,061</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>Discount Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 32,539,736
Current discount rate	\$ 30,092,061
1% increase	\$ 27,966,305

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

<u>Healthcare Cost Trend Rate</u>	<u>OPEB Liability</u>
1% decrease	\$ 26,877,153
Current trend rate	\$ 30,092,061
1% increase	\$ 33,843,685

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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 \$2,278,741. In addition, at June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,096,042
Changes of assumptions	3,820,663	8,625,965
Totals	\$ 3,820,663	\$ 21,722,007

The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period.

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 520,252	\$ 1,890,815
2027	520,252	1,863,520
2028	520,252	1,863,520
2029	520,252	1,863,520
2030	520,252	1,863,520
Thereafter	1,219,403	12,377,112
Totals	\$ 3,820,663	\$ 21,722,007

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers’ Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2024, 4,121 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with *Education Code* Section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2025, the District reported a liability of \$435,448 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2024, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net OPEB Liability	0.163366%	0.183262%	(0.019897%)

For the year ended June 30, 2025, the District reported OPEB expense of \$(120,638).

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2024
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	3.93%
Healthcare Cost Trend Rates	5.0% for Medicare Part A, and 6.5% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population of 132,333.

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 projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our 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.

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2025, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2024, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the 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:

Discount Rate	MPP OPEB Liability
1% decrease	\$ 469,838
Current discount rate	\$ 435,448
1% increase	\$ 405,209

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 403,395
Current trend rate	\$ 435,448
1% increase	\$ 471,233

NOTE 9 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2025, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 75,213,180	\$ 29,876,454	\$ 21,082,662	\$ 4,663,164
CalPERS	58,008,947	25,579,415	10,989,709	11,066,983
Totals	<u>\$ 133,222,127</u>	<u>\$ 55,455,869</u>	<u>\$ 32,072,371</u>	<u>\$ 15,730,147</u>

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers’ Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on the members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the 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 to bring CalSTRS toward full funding by 2046.

The contribution rates for each program for the year ended June 30, 2025, are presented above, and the District’s total contributions were \$14,736,090.

Pension Liabilities, Pension Expense, and 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 net pension liability	\$	75,213,180
State's proportionate share of the net pension liability associated with the District		<u>34,508,066</u>
Total	\$	<u><u>109,721,246</u></u>

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2025	Fiscal Year Ending June 30, 2024	
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.111986%	0.123899%	(0.011913%)

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2025, the District recognized pension expense of \$4,663,164. In addition, the District recognized pension expense and revenue of \$(3,297,062) 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
Pension contributions subsequent to measurement date	\$ 14,736,090	\$ -
Net change in proportionate share of net pension liability	6,303,546	12,353,351
Difference between projected and actual earnings on pension plan investments	-	303,482
Changes of assumptions	329,239	5,136,799
Differences between expected and actual experience	8,507,579	3,289,030
Totals	\$ 29,876,454	\$ 21,082,662

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 1,459,166	\$ 7,345,272
2027	7,823,560	2,301,421
2028	1,899,499	2,879,102
2029	2,171,242	3,221,779
2030	1,450,579	2,384,124
Thereafter	336,318	2,950,964
Totals	\$ 15,140,364	\$ 21,082,662

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024, include:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007, through June 30, 2022
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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 amongst our 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.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) 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 Rate of Return	Long-Term Expected Real Rate of Return
Public Equity	38.0%	8.00%	5.25%
Real Estate	15.0%	6.80%	4.05%
Private Equity	14.0%	9.50%	6.75%
Fixed Income	14.0%	5.20%	2.45%
Risk Mitigating Strategies	10.0%	5.00%	2.25%
Inflation Sensitive	7.0%	6.40%	3.65%
Cash/Liquidity	2.0%	2.80%	0.05%

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers’ Retirement System (CalSTRS) (continued)

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 are made at statutory contribution rates in accordance with the rate increases. 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 expenses 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 following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 133,779,637
Current discount rate (7.10%)	\$ 75,213,180
1% increase (8.10%)	\$ 26,307,759

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State’s on-behalf contributions is \$6,967,905.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the members’ final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	2% at 55	2% at 62
Benefit Formula	5 years of service	5 years of service
Benefit Vesting Schedule	Monthly for life	Monthly for life
Benefit Payments	55	62
Retirement Age	7.00%	8.00%
Required Employee Contribution Rate	27.05%	27.05%
Required Employer Contribution Rate		

Contributions

The benefits for the defined benefit pension plans 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 contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the total District contributions were \$9,499,107.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$58,008,947. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending</u>	<u>Fiscal Year Ending</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	
Measurement Date	<u>June 30, 2024</u>	<u>June 30, 2023</u>	
Proportion of the Net Pension Liability	0.162314%	0.176180%	(0.013867%)

For the year ended June 30, 2025, the District recognized pension expense of \$11,066,983. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 9,499,107	\$ -
Net change in proportionate share of net pension liability	1,306,856	4,199,798
Difference between projected and actual earnings on pension plan investments	8,628,056	6,374,744
Changes of assumptions	1,282,194	-
Differences between expected and actual experience	4,863,202	415,167
Totals	<u>\$ 25,579,415</u>	<u>\$ 10,989,709</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 8,492,235	\$ 5,745,831
2027	6,184,052	1,798,017
2028	1,404,021	1,776,086
2029	-	1,669,775
2030	-	-
Thereafter	-	-
Totals	\$ 16,080,308	\$ 10,989,709

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	2000-2019
Actuarial Cost Method	Individual entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account 20-year 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.

FULLERTON SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
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%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 86,172,774
Current discount rate (6.9%)	\$ 58,008,947
1% increase (7.9%)	\$ 34,743,383

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2025, the District reported payables of \$273,256 and \$642,998 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2025.

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 10 – JOINT POWERS AGREEMENTS

The Fullerton School District participates in two joint ventures under a joint powers agreement (JPA), the Schools Excess Liability Fund (SELF) and Alliance of Schools for Cooperative Insurance Programs (ASCIP). The relationship between the Fullerton School District and the JPAs is such that the JPAs are not a component unit of the District for financial reporting purposes as explained below:

SELF arranges for and provides a self-funded excess liability fund for approximately 1,100 public educational agencies. ASCIP arranges for and provides property and liability insurance for its member school districts. The JPAs are governed by boards consisting of representatives from certain member districts. The Boards control the operation of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation of the Board. Each member pays an annual contribution based upon that calculated by the JPAs' Boards and shares surpluses and deficits proportionately to its participation in the JPAs.

Financial information is available directly through the respective JPA.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of approximately \$26.3 million to be paid from a combination of State and local funds.

C. Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded beyond claims payable and incurred but not reported reserves established in the Self-Insurance Internal Service Fund.

NOTE 12 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2025, the District was self-insured for property and liability losses with specific deductibles, but participated in the ASCIP public entity risk pool for excess property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation

For fiscal year 2024-25, the District was self-funded for workers' compensation, with coverage purchased from a private insurer for claims in excess of the \$1.0 million retention amount.

Employee Medical Benefits

The District has contracted through Self-Insured Schools of California (SISC), Blue Shield and Kaiser Permanente to provide employee medical and surgical benefits, Delta Dental for dental benefits and Vision Service Plan (VSP).

FULLERTON SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

NOTE 12 – RISK MANAGEMENT (continued)

Claims Liability

The District records an estimated liability for workers’ compensation claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represent the changes in approximate aggregate liabilities for the District from July 1, 2024, to June 30, 2025:

	Workers' Compensation
Liability Balance, July 1, 2023	\$ 3,055,329
Claims and changes in estimates	2,703,135
Claims payments	<u>(2,728,312)</u>
Liability Balance, June 30, 2024	3,030,152
Claims and changes in estimates	3,097,709
Claims payments	<u>(2,552,611)</u>
Liability Balance, June 30, 2025	<u>\$ 3,575,250</u>
Assets available to pay claims at June 30, 2025	<u>\$ 7,989,824</u>

NOTE 13 – ADJUSTMENTS FOR RESTATEMENT

As discussed in Note 1 to the Financial Statements the District has implemented the provision of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior years liabilities on the Statement of Activities were restated as follows:

	Statement of Activities
Net position - July 1, 2024, as originally stated	\$ (20,044,615)
Implementation of GASB 101	<u>(11,173,553)</u>
Net position - July 1, 2024, as restated	<u>\$ (31,218,168)</u>

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Required Supplementary Information

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FULLERTON SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local Control Funding Formula Sources	\$ 140,026,110	\$ 140,159,106	\$ 140,169,814	\$ 10,708
Federal Sources	5,651,043	6,956,112	5,983,366	(972,746)
Other State Sources	26,806,300	33,053,755	32,411,125	(642,630)
Other Local Sources	15,428,489	20,587,063	20,786,788	199,725
Total Revenues	187,911,942	200,756,036	199,351,093	(1,404,943)
Expenditures				
Current:				
Certificated Salaries	76,418,942	77,923,116	77,923,115	1
Classified Salaries	31,617,021	33,810,949	33,606,267	204,682
Employee Benefits	54,345,995	52,741,360	52,255,717	485,643
Books and Supplies	1,075,017	11,609,904	8,306,704	3,303,200
Services and Other Operating Expenditures	21,291,811	23,305,807	23,507,343	(201,536)
Transfers of Indirect Cost	(547,913)	(484,759)	(558,152)	73,393
Capital Outlay	1,270,000	4,102,572	3,888,864	213,708
Intergovernmental	2,400,000	2,294,814	1,629,658	665,156
Debt Service	1,661,597	971,249	1,128,192	(156,943)
Total Expenditures	189,532,470	206,275,012	201,687,708	4,587,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,620,528)	(5,518,976)	(2,336,615)	3,182,361
Other Financing Sources and Uses				
Proceeds from SBITAs and Financing	-	40,392	1,725,572	1,685,180
Total Other Financing Sources and Uses	-	40,392	1,725,572	1,685,180
Net changes in Fund Balances	(1,620,528)	(5,478,584)	(611,043)	4,867,541
Fund Balance, July 1, 2024	24,523,679	51,590,755	51,590,755	-
Fund Balance, June 30, 2025	<u>\$ 22,903,151</u>	<u>\$ 46,112,171</u>	<u>50,979,712</u>	<u>\$ 4,867,541</u>
Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Deferred Maintenance Fund			59	
Reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			<u>\$ 50,979,771</u>	

See accompanying note to required supplementary information.

FULLERTON SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2024-25	2023-24	2022-23	2021-22	2020-21
	2023-24	2022-23	2021-22	2020-21	2019-20
District's proportion of the net pension liability	0.1120%	0.1239%	0.1215%	0.1275%	0.1196%
District's proportionate share of the net pension liability	\$ 75,213,180	\$ 94,362,632	\$ 84,408,021	\$ 58,024,063	\$ 115,944,897
State's proportionate share of the net pension liability associated with the District	34,508,066	45,211,790	42,271,207	29,195,458	59,769,608
Totals	\$ 109,721,246	\$ 139,574,422	\$ 126,679,228	\$ 87,219,521	\$ 175,714,505
District's covered payroll	\$ 76,402,487	\$ 75,218,592	\$ 70,239,686	\$ 65,716,719	\$ 65,237,175
District's proportionate share of the net pension liability as a percentage of its covered payroll	98.44%	125.45%	120.17%	88.29%	177.73%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Employer's Fiscal Year Measurement Period	2019-20	2018-19	2017-18	2016-17	2015-16
	2018-19	2017-18	2016-17	2015-16	2014-15
District's proportion of the net pension liability	0.1174%	0.1181%	0.1181%	0.1200%	0.1170%
District's proportionate share of the net pension liability	\$ 106,047,605	\$ 108,556,721	\$ 109,180,387	\$ 97,057,200	\$ 78,769,080
State's proportionate share of the net pension liability associated with the District	57,856,048	62,153,800	64,590,194	55,261,067	41,660,048
Totals	\$ 163,903,653	\$ 170,710,521	\$ 173,770,581	\$ 152,318,267	\$ 120,429,128
District's covered payroll	\$ 63,406,990	\$ 65,021,734	\$ 62,716,781	\$ 60,377,307	\$ 57,461,667
District's proportionate share of the net pension liability as a percentage of its covered payroll	167.25%	166.95%	174.08%	160.75%	137.08%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

FULLERTON SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2024-25 2023-24	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20
District's proportion of the net pension liability	0.1623%	0.1762%	0.1741%	0.1745%	0.1622%
District's proportionate share of the net pension liability	\$ 58,008,947	\$ 63,775,337	\$ 59,913,035	\$ 35,476,346	\$ 49,754,846
District's covered payroll	\$ 32,372,920	\$ 30,511,549	\$ 26,589,088	\$ 24,944,585	\$ 23,417,215
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.19%	209.02%	225.33%	142.22%	212.47%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Employer's Fiscal Year Measurement Period	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15
District's proportion of the net pension liability	0.1633%	0.1623%	0.1687%	0.1673%	0.1644%
District's proportionate share of the net pension liability	\$ 47,600,616	\$ 43,284,803	\$ 40,268,954	\$ 33,041,853	\$ 24,232,722
District's covered payroll	\$ 22,533,966	\$ 21,446,584	\$ 21,336,110	\$ 19,938,997	\$ 18,132,291
District's proportionate share of the net pension liability as a percentage of its covered payroll	211.24%	201.83%	188.74%	165.71%	133.64%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

FULLERTON SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2025

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>
Contractually required contribution	\$ 14,736,090	\$ 14,592,875	\$ 14,366,751	\$ 11,884,555	\$ 11,237,559
Contributions in relation to the contractually required contribution	<u>14,736,090</u>	<u>14,592,875</u>	<u>14,366,751</u>	<u>11,884,555</u>	<u>11,237,559</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 77,152,305</u>	<u>\$ 76,402,487</u>	<u>\$ 75,218,592</u>	<u>\$ 70,239,686</u>	<u>\$ 65,716,719</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>17.10%</u>
Employer's Fiscal Year	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually required contribution	\$ 11,155,557	\$ 10,480,427	\$ 9,382,636	\$ 7,889,771	\$ 6,478,548
Contributions in relation to the contractually required contribution	<u>11,155,557</u>	<u>10,480,427</u>	<u>9,382,636</u>	<u>7,889,771</u>	<u>6,478,548</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 65,237,175</u>	<u>\$ 63,406,990</u>	<u>\$ 65,021,734</u>	<u>\$ 62,716,781</u>	<u>\$ 60,377,307</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.53%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

FULLERTON SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2025

	<i>Last Ten Fiscal Years</i>				
Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	\$ 9,499,107	\$ 8,637,095	\$ 7,740,780	\$ 6,091,560	\$ 5,163,529
Contributions in relation to the contractually required contribution	9,499,107	8,637,095	7,740,780	6,091,560	5,163,529
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>35,116,847</u>	<u>32,372,920</u>	<u>30,511,549</u>	<u>26,589,088</u>	<u>24,944,585</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	\$ 4,618,109	\$ 4,070,085	\$ 3,330,869	\$ 2,963,158	\$ 2,362,173
Contributions in relation to the contractually required contribution	4,618,109	4,070,085	3,330,869	2,963,158	2,362,173
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>23,417,215</u>	<u>\$ 22,533,966</u>	<u>\$ 21,446,584</u>	<u>\$ 21,336,110</u>	<u>\$ 19,938,997</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>

See accompanying note to required supplementary information.

FULLERTON SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2025

*Last Ten Fiscal Years**

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22
Measurement Period	2024-25	2023-24	2022-23	2021-22
Total OPEB liability				
Service cost	\$ 2,333,513	\$ 2,378,273	\$ 2,673,495	\$ 3,247,430
Interest	1,379,481	1,238,748	1,458,682	941,046
Differences between expected and actual experience	(3,893,968)	-	(9,062,189)	-
Changes of assumptions or other inputs	(2,903,025)	(1,008,442)	(620,553)	(4,589,569)
Benefit payments	(1,516,983)	(1,329,403)	(1,809,031)	(1,537,324)
Net change in total OPEB liability	(4,600,982)	1,279,176	(7,359,596)	(1,938,417)
Total OPEB liability - beginning	34,693,043	33,413,867	40,773,463	42,711,880
Total OPEB liability - ending	\$ 30,092,061	\$ 34,693,043	\$ 33,413,867	\$ 40,773,463
Covered payroll	\$ 113,018,032	\$ 110,261,495	\$ 107,572,190	\$ 104,948,478
Total OPEB liability as a percentage of covered-payroll	26.6%	31.5%	31.1%	38.9%

Employer's Fiscal Year	2020-21	2019-20	2018-19	2017-18
Measurement Period	2020-21	2019-20	2018-19	2017-18
Total OPEB liability				
Service cost	\$ 4,262,202	\$ 3,324,931	\$ 2,437,691	\$ 2,366,690
Interest	980,262	829,696	1,198,400	973,022
Differences between expected and actual experience	(2,252,599)	(118,290)	(1,286,016)	-
Changes of assumptions or other inputs	(1,848,645)	3,904,906	3,274,556	(1,189,399)
Benefit payments	(1,711,218)	(1,538,993)	(1,262,276)	(1,428,991)
Net change in total OPEB liability	(569,998)	6,402,250	4,362,355	721,322
Total OPEB liability - beginning	43,281,878	36,879,628	32,517,273	31,795,951
Total OPEB liability - ending	\$ 42,711,880	\$ 43,281,878	\$ 36,879,628	\$ 32,517,273
Covered payroll	\$ 102,139,638	\$ 93,190,395	\$ 90,580,263	\$ 90,469,777
Total OPEB liability as a percentage of covered-payroll	41.8%	46.44%	40.71%	35.94%

Notes to Schedule:

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

FULLERTON SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2025

*Last Ten Fiscal Years**

Employer's Fiscal Year Measurement Period	2024-25 2023-24	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21
District's proportion of net OPEB liability	0.1634%	0.1833%	0.1823%	0.1917%
District's proportionate share of net OPEB liability	\$ 435,448	\$ 556,086	\$ 600,546	\$ 764,453
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Employer's Fiscal Year Measurement Period	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.1813%	0.1815%	0.1857%	0.1879%
District's proportionate share of net OPEB liability	\$ 768,403	\$ 675,818	\$ 710,966	\$ 790,513
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

Notes to Schedule:

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

FULLERTON SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. 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* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of the Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Change of assumptions – There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of Pension Contribution

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.93 percent to 5.20 percent since the previous valuation.

FULLERTON SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District’s proportionate share of the net OPEB liability – MPP Program and the plans’ fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 3.65 percent to 3.93 percent since the previous valuation.

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Supplementary Information

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FULLERTON SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2025

	<u>Second Period</u> <u>Report</u>	<u>Annual</u> <u>Report</u>
Regular & Extended Year ADA:		
Grades TK/K - 3	4,730.86	4,728.03
Grades 4 - 6	3,567.87	3,561.20
Grades 7 - 8	<u>2,499.00</u>	<u>2,496.94</u>
 Total Regular & Extended Year ADA	 <u>10,797.73</u>	 <u>10,786.17</u>
Special Education - Nonpublic, Nonsectarian Schools:		
Grades TK/K - 3	1.41	1.91
Grades 4 - 6	3.62	4.06
Grades 7 - 8	<u>1.37</u>	<u>1.64</u>
 Total Special Education - Nonpublic, Nonsectarian Schools	 <u>6.40</u>	 <u>7.61</u>
 Total ADA	 <u><u>10,804.13</u></u>	 <u><u>10,793.78</u></u>

FULLERTON SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2025

<u>Grade Level</u>	<u>Instructional Minutes Requirement</u>	<u>Instructional Minutes Offered</u>	<u>Instructional Days Offered</u>	<u>Status</u>
Kindergarten	36,000	50,000	180	Complied
Grade 1	50,400	52,390	180	Complied
Grade 2	50,400	52,390	180	Complied
Grade 3	50,400	52,390	180	Complied
Grade 4	54,000	54,503	180	Complied
Grade 5	54,000	54,503	180	Complied
Grade 6	54,000	54,503	180	Complied
Grade 7	54,000	62,902	180	Complied
Grade 8	54,000	62,900	180	Complied

FULLERTON SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2025

General Fund	(Budget)			
	2026 ²	2025 ³	2024	2023
Revenues and other financing sources	\$ 193,245,060	\$ 201,076,665	\$ 201,246,473	\$ 219,345,399
Expenditures	197,220,712	201,687,708	204,401,137	201,011,036
Change in fund balance (deficit)	(3,975,652)	(611,043)	(3,154,664)	18,334,363
Ending fund balance	\$ 47,004,060	\$ 50,979,712	\$ 51,590,755	\$ 54,745,419
Available reserves ¹	\$ 10,844,272	\$ 8,760,157	\$ 9,255,106	\$ 7,685,688
Available reserves as a percentage of total outgo	5.5%	4.3%	4.5%	3.8%
Total long-term debt	\$ 242,352,446	\$ 248,643,430	\$ 228,328,538	\$ 207,393,849
Average daily attendance at P-2	10,740	10,804	10,944	11,041

The General Fund balance has decreased by \$3.8 million over the past two years. The fiscal year 2025-26 adopted budget projects a decrease of \$4.0 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District incurred an operating deficit in two of the past three years and anticipates an operating deficit for the 2025-26 fiscal year. Total long-term debt has increased by approximately \$41.2 million over the past two years.

Average daily attendance decreased by 237 since the 2022-23 year. In 2025-26, ADA is projected to decrease by 64.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Budget as of August, 2025.

³ The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund in accordance with the fund type definitions promulgated by GASB Statement No. 54.

FULLERTON SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2025*

*There were no differences between the Annual Financial and Budget Report and the
Audited Financial Statements in any funds.*

FULLERTON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Sub-total Expenditure	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program	10.553	13525	\$ 118,485	
Especially Needy Breakfast	10.553	13526	655,265	
National School Lunch Program	10.555	13523	3,338,116	
USDA - Donated Foods	10.555	N/A	544,397	
Local Food for Schools	10.555	15708	<u>17,005</u>	
Total Child Nutrition Cluster				\$ 4,673,268
NSLP Equipment Assistance Grants	10.579	14906		<u>48,210</u>
Passed through Department of Social Services:				
Child and Adult Care Food Program	10.558	13393	915,658	
Cash in Lieu of Commodities	10.558	13389	<u>50,932</u>	
Total Child and Adult Care Food Program				<u>966,590</u>
Total U.S. Department of Agriculture				<u>5,688,068</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Grants:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	2,290,891	
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	<u>165,236</u>	
Total Title I, Grants to LEAs				2,456,127
Title II, Part A, Supporting Effective Instruction	84.367	14341		<u>330,775</u>
English Language Acquisition Grants:				
Title III, English Learner Student Program	84.365	14346	274,789	
Title III, Immigrant Student Program	84.365	15146	<u>40,702</u>	
Total English Language Acquisition Grants				315,491
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396		<u>185,683</u>
COVID-19 Education Stabilization Fund:				
ASES Rate Increase: ESSER III State Reserve Summer Learning Programs	84.425	15652		<u>249,282</u>
Passed through North Orange County SELPA:				
Individuals with Disabilities Education Act (IDEA):				
Special Education (IDEA) Cluster:				
Basic Local Assistance Entitlement, Part B	84.027	13379	2,193,349	
Special Ed: IDEA Preschool Grants, Part B, Sec 619	84.173	13430	65,867	
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	48,722	
Special Ed: IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>138,070</u>	
Subtotal Special Education (IDEA) Cluster				<u>2,446,008</u>
Total U.S. Department of Education				<u>5,983,366</u>
Total Expenditures of Federal Awards				<u>\$ 11,671,434</u>

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

FULLERTON SCHOOL DISTRICT
Note to the Supplementary Information
June 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

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Other Information

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FULLERTON SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2025

The Fullerton School District was established in 1888. The District boundaries encompass approximately 26 square miles in Orange County. There were no changes in the boundaries of the District during the current year. The District is currently operating fifteen elementary schools (K-6), two combined K-8 schools, and three junior high schools.

BOARD OF TRUSTEES		
Member	Office	Term Expires
Beverly Berryman	President	November 30, 2026
Ruthi Hanchett	Vice President	November 30, 2026
Aaruni Thakur	Clerk	November 30, 2026
James Cho	Member	November 30, 2028
Vanesa Estrella	Member	November 30, 2028

DISTRICT ADMINISTRATORS

Robert Pletka, Ed.D.,
Superintendent

Robert R. Coghlan, Ph.D.,
Assistant Superintendent, Business Services

Jeremy Davis,
Assistant Superintendent, Innovation and Instructional Support

Chad Hammitt, Ed.D.,
Deputy Superintendent, Personnel Services

Dr. Adaina Brown, Ed.D.,
Assistant Superintendent, Educational Services

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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 Trustees
Fullerton School District
Fullerton, 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, each major fund, and the aggregate remaining fund information of the Fullerton School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

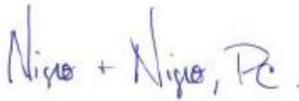
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
December 20, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Fullerton School District
Fullerton, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Fullerton 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 the Fullerton School District's 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 the Fullerton School District's federal programs.

Auditors' 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 Fullerton School 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 generally accepted auditing standards, 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 the Fullerton School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, 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 the Fullerton 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 the Fullerton School 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Fullerton School 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.

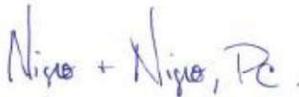
Report on Internal Control Over Compliance

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 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.

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.

Handwritten signature in blue ink that reads "Nigro + Nigro, PC." The signature is written in a cursive, professional style.

Murrieta, California
December 20, 2025

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Fullerton School District
Fullerton, California

Report on Compliance

Opinion

We have audited the Fullerton School District's (District) compliance with the requirements specified in the *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 Fullerton School District complied in all material aspects, with 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, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards 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 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 the Fullerton School District's state programs.

Auditors' 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 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 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 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 referred to above 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:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as “Not Applicable” were not operated by the District.

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 identify in 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, 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 a 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 from 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.

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.

Nigro + Nigro, PC
Murrieta, California
December 20, 2025

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Schedule of Findings and Questioned Costs

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FULLERTON SCHOOL DISTRICT
Summary of Auditors' Results
For the Fiscal Year Ended June 30, 2025

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)?	<u>No</u>

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.558</u>	<u>Child and Adult Care Food Program</u>
<u>84.027, 84.027A, 84.173</u>	<u>Special Education Cluster (IDEA)</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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FULLERTON SCHOOL DISTRICT
Financial Statement Findings
For the Fiscal Year Ended June 30, 2025

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2024-25.

FULLERTON SCHOOL DISTRICT
Federal Award Findings
For the Fiscal Year Ended June 30, 2025

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2024-25.

FULLERTON SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2024-25.

FULLERTON SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2025

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2024-001: <i>Expanded Learning Opportunity Program</i>	A District receiving ELOP funds based on Rate 2 pursuant to EC Section 46120(d)(1)(C) must provide access to all enrolled classroom-based unduplicated pupils in kindergarten (including TK programs) and grades 1 to 6 whose parent or guardian requested their placement in an Expanded Learning Opportunity Program. In addition, pursuant to EC Section 46120(b)(2)(D) programs that serve transitional kindergarten or kindergarten pupils must maintain a pupil-to-staff member ratio of no more than 10 to 1 and all other grades must maintain a pupil-to-staff member ratio of no more than 20 to 1.	40000	We recommend that the District continue to work to increase their capacity for this program.	Implemented.

It was noted that 236 unduplicated pupils were placed on a waitlist and did not receive services through the program due to capacity and staffing limitations. In addition, at two sites, Golden Hills and Richmond, it was noted that one or more days had a class that exceeded the ratio caps.



To the Board of Education
Fullerton School District
Fullerton, CA

In planning and performing our audit of the basic financial statements of Fullerton School District for the year ending June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 20, 2025, on the financial statements of Fullerton School District.

DISTRICT OFFICE

Observation: During our testing of cash receipts over the Cafeteria Fund it was noted that 1 of 5 receipts tested were not deposited in a timely manner.

Recommendation: We recommend that deposits be made on a weekly basis or more often as needed. Money should never be left over the weekend or holidays since this is typically when thefts occur.

Observation: During our testing of bank reconciliations at the district office it was noted that there were various stale dated checks in the revolving, workers comp. trust fund, ASB operation, and food services accounts.

Recommendation: We recommend the district review any uncleared checks older than 6 months and void or reissue the check.

ASSOCIATED STUDENT BODY (ASB)

Observation: During our testing of cash receipts at Ladera Vista Jr. High we noted 2 of the 3 receipts tested were not deposited in a timely manner.

Recommendation: We recommend that deposits be made on a weekly basis or more often as needed. Money should never be left over the weekend or holidays since this is typically when thefts occur.

We will review the status of the current year's comments during our next audit engagement.

Nigro + Nigro, PC.

Murrieta, California
December 20, 2025

Exhibit B

Rate and Method of Apportionments of Special Taxes for

Community Facilities District No. 2000-1 and
Community Facilities District No. 2001-1

**FIRST AMENDED RATE AND METHOD OF APPORTIONMENT FOR
COMMUNITY FACILITIES DISTRICT NO. 2000-1
OF FULLERTON SCHOOL DISTRICT**

The following sets forth the First Amended Rate and Method of Apportionment for the levy and collection of Special Taxes of Fullerton School District ("School District") Community Facilities District No. 2000-1 ("CFD No. 2000-1"). Subject to approval by the School District and a two-thirds vote of the eligible electors within CFD No. 2000-1, this First Amended Rate and Method of Apportionment shall replace the Rate and Method of Apportionment adopted by the School District on May 9, 2000. Subject to the foregoing, Annual Special Taxes shall be levied on and collected in CFD No. 2000-1 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2000-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

**SECTION A
DEFINITIONS**

The terms hereinafter set forth have the following meanings:

"Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map or as calculated from the applicable Assessor's Parcel Map by the Board.

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2000-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2000-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2000-1.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2000-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section D below.

"Backup Annual Special Tax" means the Special Tax of that name described in Section E below.

"Board" means the Board of Trustees of Fullerton School District or its designee as the legislative body of CFD No. 2000-1.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, which obligation may be incurred by CFD No. 2000-1 or the School District.

"Building Permit" means a permit for the construction of one or more Units. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"County" means the County of Orange.

"Developed Property" means all Assessor's Parcels for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes in Section I.

"Final Map" means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit has been or could be issued, provided that land for which one or more Building Permits have been or could be issued for the construction of one or more model Units shall not be construed as a Lot until such land has been subdivided by a Final Map.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2000-1 in any Fiscal Year on any Assessor's Parcel.

"Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year

to pay: (i) debt service, lease payments, or other periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 2000-1, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds or other indebtedness of CFD No. 2000-1, less (v) amounts on deposit in any fund or account which are available to pay debt service, lease payments, or other periodic costs on all outstanding Bonds pursuant to any applicable fiscal agent agreement.

"Minimum Lots" means 91 Lots.

"Minimum Units" means 91 Units.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor's Parcel, as described in Section G.

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor's Parcels.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2000-1 pursuant to the Act.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property.

"Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2001-02, each Assessor's Parcel within CFD No. 2000-1 shall be classified as Developed Property, Undeveloped Property, or Exempt Property.

**SECTION C
MAXIMUM SPECIAL TAXES**

1. Developed Property

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

2. Undeveloped Property

The Maximum Special Tax for each Assessor's Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

The Assigned Annual Special Tax applicable to an Assessor's Parcel of Developed Property for any Fiscal Year shall be \$1,466.20 per Unit.

2. Undeveloped Property

The Assigned Annual Special Tax applicable to an Assessor's Parcel of Undeveloped Property for any Fiscal Year shall be \$9,070.14 per acre of Acreage.

**SECTION E
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, the Backup Annual Special Tax, if any, which is applicable to each Assessor's Parcel of Developed Property will be determined pursuant to this Section E.

1. Methodology

Each Fiscal Year, the Board shall determine the number of Lots as of January 1 of the prior Fiscal Year. Prior to the existence of the Minimum Lots as of January 1 of any prior Fiscal Year, the Backup Annual Special Tax applicable to each Assessor's Parcel of Developed Property for such Fiscal Year shall be determined pursuant to Section E.2 below, subject to adjustment pursuant to Section E.4 below. After the existence of the Minimum Lots as of January 1 of any prior Fiscal Year, the Backup Annual Special Tax applicable to each Assessor's Parcel of Developed Property for such Fiscal Year and for each Fiscal Year thereafter shall be determined pursuant to Section E.3 below, subject to adjustment pursuant to Section E.4 below.

2. Prior to Existence of Minimum Lots

Prior to the existence of the Minimum Lots as of January 1 of any prior Fiscal Year, the Backup Annual Special Tax applicable to each Assessor's Parcel of Developed Property for such Fiscal Year shall be \$0.2082 per square foot of Acreage, subject to adjustment pursuant to Section E.4 below.

3. After Existence of Minimum Lots

In the first Fiscal Year after the January 1 as of which the Minimum Lots first existed, the Backup Annual Special Tax applicable to each Assessor's Parcel of Developed Property shall be determined as follows:

$$B = \frac{A H 43,560 H M}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot for the current Fiscal Year
- A = Minimum amount of Taxable Property determined pursuant to Section I
- M = Backup Annual Special Tax per square foot of Acreage applicable prior to the existence of the Minimum Lots as of January 1 of the prior Fiscal Year
- L = Lots in existence as of January 1 of the prior Fiscal Year

In each Fiscal Year thereafter, the Backup Annual Special Tax for each Assessor's Parcel shall remain equal to the Backup Annual Special Tax in the prior Fiscal Year, provided that no map reducing the Lots or reverting any of the property to acreage is recorded thereafter. If, however, a map reducing the Lots or reverting any of the property to acreage is recorded, then the Backup Annual Special Tax for the Assessor's Parcels in such map area in all Fiscal Years following the January 1 following the recordation of such map shall be calculated as follows, subject to adjustment pursuant to Section E.4 below.

1. The Backup Annual Special Taxes applicable to the Assessor's Parcels in such map area prior to the recordation of such map shall be summed.

2. The result of step one shall be divided by the Acreage of Taxable Property which is expected to exist in such map area after buildout of the Assessor's Parcels in such map area, as reasonably determined by the Board.

3. The result of step two shall be divided by 37,026. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such map area for all remaining Fiscal Years, subject to adjustment pursuant to Section E.4 below.

4. Release of Backup Annual Special Taxes

Each Fiscal Year, the Board shall determine the number of Units for which Building Permits were issued as of May 1 of the prior Fiscal Year. After the issuance of Building Permits for the Minimum Units as of May 1 of any prior Fiscal Year, no Backup Annual Special Tax shall be applicable to any Assessor's Parcel of Developed Property for such Fiscal Year or any Fiscal Year thereafter.

**SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2001-02 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

- Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.
- Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall additionally levy an Annual Special Tax Proportionately on each Assessor's Parcel of Undeveloped Property, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.
- Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall additionally levy an Annual Special Tax Proportionately on each Assessor's Parcel of Developed Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel to satisfy the Minimum Annual Special Tax Requirement.

SECTION G
PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel of Developed Property or Undeveloped Property for which a Building Permit has been issued may be prepaid in full at the times and under the conditions set forth in this Section G, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Prepayment Times and Conditions

The owner of an Assessor's Parcel of Developed Property may prepay the Annual Special Tax obligation for such Assessor's Parcel in full in any Fiscal Year following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property.

2. Prepayment Amount

The Prepayment Amount for an Assessor's Parcel eligible for prepayment shall be determined as described below.

a. Prior to Issuance of Bonds

Prior to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be \$8,972.00.

b. Subsequent to Issuance of Bonds

Subsequent to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be determined pursuant to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
less	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

1. For Assessor's Parcels of Developed Property, compute the Assigned Annual Special Tax and Backup Annual Special Tax applicable to the Assessor's Parcel. For Assessor's Parcels of Undeveloped Property, compute the Assigned Annual Special Tax and Backup Annual Special Tax applicable to the Assessor's Parcel as though it was already designated as Developed Property, based upon the Building Permit which has already been issued for that Assessor's Parcel.
2. For each Assessor's Parcel of Developed Property and Undeveloped Property to be prepaid, (a) divide the Assigned Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at buildout, as reasonably determined by the Board and (b) divide the Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at buildout, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.a. shall be (a) increased by the portion of the Bonds not allocable to construction proceeds with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel. The result is the "Outstanding Gross Prepayment Amount." For purposes of calculating the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, it shall be assumed that the Annual Special Taxes actually collected from each Assessor's Parcel in any Fiscal Year are applied prorata to the regularly scheduled principal payment on the outstanding Bonds in the immediately following Fiscal Year based on each Assessor's Parcel's share of the total Annual Special Taxes which are actually collected from all Taxable Property in the current Fiscal Year and are applied to such regularly scheduled principal payment in the immediately following Fiscal Year. In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the

proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."

6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."
9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
10. Calculate the reduction in the applicable reserve requirement resulting from the redemption of outstanding Bonds with the Prepayment Amount, provided that the balance of the applicable reserve fund is not less than the applicable reserve requirement. This amount is the "Reserve Fund Credit." If the balance of the applicable reserve fund is less than the applicable reserve requirement, no Reserve Fund Credit shall be given.
11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of CFD No. 2000-1 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act within thirty (30) days of receipt of such prepayment to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of

all currently outstanding Bonds, as reasonably determined by the Board.

SECTION H TERMINATION OF SPECIAL TAX

Annual Special Taxes shall be levied for a period of thirty (30) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after 2040-41.

SECTION I EXEMPTIONS

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement or (v) other types of Assessor's Parcels, at the reasonable discretion of the Board, provided that, if Building Permits have not yet been issued for the Minimum Units, no such classification would reduce the Acreage of all Taxable Property to less than 14.71 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the Acreage of all Taxable Property to less than 14.71 acres of Acreage, unless Building Permits have been issued for the Minimum Units. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 14.71 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly. Notwithstanding the above, after Building Permits have been issued for the Minimum Units, no Acreage restriction will apply to the classification of Assessor's Parcels as Exempt Property.

SECTION J APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2000-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

SECTION K MANNER OF COLLECTION

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary

ad valorem property taxes, provided, however, that CFD No. 2000-1 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

J:\CLIENTS\FULLERTON.SD\Mello\VanDaele\RMA4.rtf

RATE AND METHOD OF APPORTIONMENT FOR COMMUNITY FACILITIES DISTRICT NO. 2001-1 OF FULLERTON SCHOOL DISTRICT

The following sets forth the Rate and Method of Apportionment for the levy and collection of Special Taxes of Fullerton School District ("School District") Community Facilities District No. 2001-1 ("CFD No. 2001-1"). An Annual Special Tax shall be levied on and collected in CFD No. 2001-1 each Fiscal Year, in an amount determined through the application of the Rate and Method of Apportionment described below. All of the real property in CFD No. 2001-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent, and in the manner herein provided.

SECTION A DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map or as calculated from the applicable Assessor's Parcel Map by the Board.

"Act" means the Mello-Roos Communities Facilities Act of 1982 as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means any ordinary and necessary expense incurred by the School District on behalf of CFD No. 2001-1 related to the determination of the amount of the levy of Special Taxes, the collection of Special Taxes including the expenses of collecting delinquencies, the administration of Bonds, the payment of salaries and benefits of any School District employee whose duties are directly related to the administration of CFD No. 2001-1, and costs otherwise incurred in order to carry out the authorized purposes of CFD No. 2001-1.

"Annual Special Tax" means the Special Tax actually levied in any Fiscal Year on any Assessor's Parcel.

"Assessor's Parcel" means a lot or parcel of land designated on an Assessor's Parcel Map with an assigned Assessor's Parcel Number within the boundaries of CFD No. 2001-1.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel Number.

"Assessor's Parcel Number" means that number assigned to an Assessor's Parcel by the County for purposes of identification.

"Assigned Annual Special Tax" means the Special Tax of that name described in Section D below.

"Attached Unit" means a Unit that is located or shall be located within a building in which each of the individual Units has or shall have at least one common wall with another Unit

"Backup Annual Special Tax" means the Special Tax of that name described in Section E below.

"Board" means the Board of Trustees of Fullerton School District or its designee as the legislative body of CFD No. 2001-1.

"Bonds" means any obligation to repay a sum of money, including obligations in the form of bonds, notes, certificates of participation, long-term leases, loans from government agencies, or loans from banks, other financial institutions, private businesses, or individuals, or long-term contracts, or any refunding thereof, which obligation may be incurred by CFD No. 2001-1 or the School District.

"Building Permit" means a permit for the construction of one or more Units. For purposes of this definition, "Building Permit" shall not include permits for construction or installation of commercial/industrial structures, parking structures, retaining walls, utility improvements, or other such improvements not intended for human habitation.

"Building Square Footage" or **"BSF"** means the square footage of assessable internal living space of a Unit, exclusive of any carports, walkways, garages, overhangs, patios, enclosed patios, detached accessory structure, or other structures not used as living space, as determined by reference to the Building Permit for such Unit.

"Calendar Year" means the period commencing January 1 of any year and ending the following December 31.

"County" means the County of Orange.

"Detached Unit" means a Unit which is not an Attached Unit.

"Developed Property" means all Assessor's Parcels of Taxable Property for which Building Permits were issued on or before May 1 of the prior Fiscal Year, provided that such Assessor's Parcels were created on or before January 1 of the prior Fiscal Year and that each such Assessor's Parcel is associated with a Lot, as determined reasonably by the Board.

"Exempt Property" means all Assessor's Parcels designated as being exempt from Special Taxes in Section J.

"Final Map" means a final tract map, parcel map, lot line adjustment, or functionally equivalent map or instrument that creates building sites, recorded in the County Office of the Recorder.

"Fiscal Year" means the period commencing on July 1 of any year and ending the following June 30.

"Lot" means an individual legal lot created by a Final Map for which a Building Permit could be issued.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C, that can be levied by CFD No. 2001-1 in any Fiscal Year on any Assessor's Parcel.

"Minimum Annual Special Tax Requirement" means the amount required in any Fiscal Year to pay: (i) the debt service or the periodic costs on all outstanding Bonds, (ii) Administrative Expenses of CFD No. 2001-1, (iii) the costs associated with the release of funds from an escrow account, and (iv) any amount required to establish or replenish any reserve funds established in association with the Bonds, less (v) any amount available to pay debt service or other periodic costs on the Bonds pursuant to any applicable bond indenture, fiscal agent agreement, or trust agreement.

"Partial Prepayment Amount" means the amount required to prepay a portion of the Annual Special Tax obligation for an Assessor's Parcel, as described in Section H.

"Prepayment Amount" means the amount required to prepay the Annual Special Tax obligation in full for an Assessor's Parcel, as described in Section G.

"Proportionately" means that the ratio of the actual Annual Special Tax levy to the applicable Special Tax is equal for all applicable Assessor's Parcels.

"Special Tax" means any of the special taxes authorized to be levied by CFD No. 2001-1 pursuant to the Act.

"Taxable Property" means all Assessor's Parcels which are not Exempt Property.

"Undeveloped Property" means all Assessor's Parcels of Taxable Property which are not Developed Property.

"Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential dwelling units.

SECTION B CLASSIFICATION OF ASSESSOR'S PARCELS

For each Fiscal Year, beginning with Fiscal Year 2001-02, each Assessor's Parcel within CFD No. 2001-1 shall be classified as Developed Property, Undeveloped Property, or Exempt Property.

**SECTION C
MAXIMUM SPECIAL TAXES**

1. Developed Property

The Maximum Special Tax for each Assessor’s Parcel classified as Developed Property for any Fiscal Year shall be the amount determined by the greater of (i) the application of the Assigned Annual Special Tax or (ii) the application of the Backup Annual Special Tax.

2. Undeveloped Property

The Maximum Special Tax for each Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be the amount determined by the application of the Assigned Annual Special Tax.

**SECTION D
ASSIGNED ANNUAL SPECIAL TAXES**

1. Developed Property

The Assigned Annual Special Tax for each Assessor’s Parcel of Developed Property in any Fiscal Year shall be the amount determined by reference to Table 1 below.

TABLE 1

<i>ASSIGNED ANNUAL SPECIAL TAX FOR DEVELOPED PROPERTY</i>		
Unit Type	Building Square Feet	Assigned Annual Special Tax
Attached Unit	NA	\$1,060.00 per Unit
Detached Unit	<=1,750 BSF	\$1,192.50 per Unit
Detached Unit	1,751 – 2,250 BSF	\$1,612.08 per Unit
Detached Unit	2,251 – 2,750 BSF	\$1,943.33 per Unit
Detached Unit	2,751 – 3,250 BSF	\$2,208.33 per Unit
Detached Unit	3,251 – 3,750 BSF	\$2,429.17 per Unit
Detached Unit	>3,750 BSF	\$2,738.33 per Unit

2. Undeveloped Property

Each Fiscal Year, each Assessor’s Parcel of Undeveloped Property shall be subject to an Assigned Annual Special Tax. The Assigned Annual Special Tax rate for an Assessor’s Parcel classified as Undeveloped Property for any Fiscal Year shall be \$19,700.00 per acre of Acreage.

**SECTION E
BACKUP ANNUAL SPECIAL TAXES**

Each Fiscal Year, each Assessor's Parcel of Developed Property shall be subject to a Backup Annual Special Tax. In each Fiscal Year, the Backup Annual Special Tax rate for Developed Property within a Final Map shall be the rate per Lot calculated according to the following formula:

$$B = \frac{U \times A}{L}$$

The terms above have the following meanings:

- B = Backup Annual Special Tax per Lot in each Fiscal Year
- U = Assigned Annual Special Tax per acre of Acreage for Undeveloped Property
- A = Acreage of Taxable Property in such Final Map, as determined by the Board pursuant to Section J
- L = Lots in the Final Map

Notwithstanding the foregoing, if all or any portion of the Final Map(s) described in the preceding paragraph is subsequently changed or modified, then the Backup Annual Special Tax for each Assessor's Parcel of Developed Property in such Final Map area that is changed or modified shall be a rate per square foot of Acreage calculated as follows:

1. Determine the total Backup Annual Special Taxes anticipated to apply to the changed or modified Final Map area prior to the change or modification.
2. The result of paragraph 1 above shall be divided by the Acreage of Taxable Property which is ultimately expected to exist in such changed or modified Final Map area, as reasonably determined by the Board.
3. The result of paragraph 2 above shall be divided by 43,560. The result is the Backup Annual Special Tax per square foot of Acreage which shall be applicable to Assessor's Parcels of Developed Property in such changed or modified Final Map area for all remaining Fiscal Years in which the Special Tax may be levied.

**SECTION F
METHOD OF APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing Fiscal Year 2001-02 and for each subsequent Fiscal Year, the Board shall levy Annual Special Taxes as follows:

Step One: The Board shall levy an Annual Special Tax on each Assessor's Parcel of Developed Property in an amount equal to the Assigned Annual Special Tax applicable to each such Assessor's Parcel.

Step Two: If the sum of the amounts collected in step one is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall additionally levy an Annual Special Tax Proportionately on each Assessor's Parcel of Undeveloped Property, up to the Assigned Annual Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

Step Three: If the sum of the amounts collected in steps one and two is insufficient to satisfy the Minimum Annual Special Tax Requirement, then the Board shall additionally levy an Annual Special Tax Proportionately on each Assessor's Parcel of Developed Property, up to the Maximum Special Tax applicable to each such Assessor's Parcel, to satisfy the Minimum Annual Special Tax Requirement.

SECTION G PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel, as calculated in Section G.2. below, may be prepaid in full at the times and under the conditions set forth in this Section G, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Prepayment Times and Conditions

a. Undeveloped Property

Prior to the issuance of a Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area in full, as calculated in Section G.2. below. The prepayment of the Annual Special Tax obligation for each such Assessor's Parcel shall be collected prior to the issuance of the Building Permit with respect to such Assessor's Parcel.

b. Developed Property

In any Fiscal Year following the first Fiscal Year in which such Assessor's Parcel was classified as Developed Property, the owner of such an Assessor's Parcel may prepay the Annual Special Tax obligation for such Assessor's Parcel in full, as calculated in Section G.2. below.

2. Prepayment Amount

The Prepayment Amount for an Assessor’s Parcel eligible for prepayment shall be determined as described below.

a. Prior to Issuance of Bonds

The Prepayment Amount for each applicable Assessor's Parcel prior to the issuance of Bonds shall be determined by reference to Table 2.

TABLE 2

<i>PREPAYMENT AMOUNT</i>		
Unit Type	Building Square Feet	Prepayment Amount
Attached Unit	NA	\$12,898.57 per Unit
Detached Unit	<=1,750 BSF	\$13,097.13 per Unit
Detached Unit	1,751 – 2,250 BSF	\$15,082.80 per Unit
Detached Unit	2,251 – 2,750 BSF	\$17,068.46 per Unit
Detached Unit	2,751 – 3,250 BSF	\$19,054.13 per Unit
Detached Unit	3,251 – 3,750 BSF	\$21,039.79 per Unit
Detached Unit	>3,750 BSF	\$24,018.29 per Unit

b. Subsequent to Issuance of Bonds

Subsequent to the issuance of Bonds, the Prepayment Amount for each applicable Assessor's Parcel shall be calculated according to the following formula (capitalized terms defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Defeasance
plus	Administrative Fee
<u>less</u>	<u>Reserve Fund Credit</u>
equals	Prepayment Amount

As of the date of prepayment, the Prepayment Amount shall be calculated as follows:

- For Assessor’s Parcels of Developed Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor’s Parcel. For Assessor’s Parcels of Undeveloped Property, compute the sum of the Assigned Annual Special Taxes and the Backup Annual Special Taxes applicable to the Assessor’s Parcel as though it was already designated as Developed Property, based upon the Building Permit issued or to be issued for that Assessor’s Parcel.

2. For each Assessor's Parcel of Developed Property or Undeveloped Property to be prepaid, (a) divide the sum of the Assigned Annual Special Taxes computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Assigned Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at buildout, as reasonably determined by the Board, and (b) divide the sum of Backup Annual Special Tax computed pursuant to paragraph 1 for such Assessor's Parcel by the sum of the estimated Backup Annual Special Taxes applicable to all Assessor's Parcels of Developed Property at buildout, as reasonably determined by the Board.
3. The amount determined pursuant to Section G.2.b. shall be (a) increased by the portion of the Bonds allocable to costs of issuance, reserve fund deposits, and capitalized interest with respect to the applicable Assessor's Parcel and (b) reduced by the amount of regularly retired principal which is allocable to the applicable Assessor's Parcel, as determined by the Board. The result is the "Outstanding Gross Prepayment Amount." In no event shall any Annual Special Taxes determined to have been used to make a regularly scheduled principal payment on the Bonds be adjusted for any increase in any cost index or other basis subsequent to the date of the applicable principal payment.
4. Multiply the larger quotient computed pursuant to paragraph 2(a) or 2(b) by the face value of all outstanding Bonds. If the product is greater than the Outstanding Gross Prepayment Amount, then the product shall be the "Bond Redemption Amount." If the product is less than the Outstanding Gross Prepayment Amount, then the Outstanding Gross Prepayment Amount shall be the "Bond Redemption Amount."
5. Multiply the Bond Redemption Amount by the applicable redemption premium, if any, on the outstanding Bonds to be redeemed with the proceeds of the Bond Redemption Amount. This product is the "Redemption Premium."
6. Compute the amount needed to pay interest on the Bond Redemption Amount, the Redemption Premium, and the Reserve Fund Credit (see step 10) to be redeemed with the proceeds of the Prepayment Amount until the earliest call date for the outstanding Bonds.
7. Estimate the amount of interest earnings to be derived from the reinvestment of the Bond Redemption Amount plus the Redemption Premium until the earliest call date for the outstanding Bonds.
8. Subtract the amount computed pursuant to paragraph 7 from the amount computed pursuant to paragraph 6. This difference is the "Defeasance."

9. Estimate the administrative fees and expenses associated with the prepayment, including the costs of computation of the Prepayment Amount, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption. This amount is the "Administrative Fee."
10. Calculate the "Reserve Fund Credit" as the lesser of: (a) the expected reduction in the applicable reserve requirements, if any, associated with the redemption of outstanding Bonds as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirements in effect after the redemption of outstanding Bonds as a result of the prepayment from the balance in the applicable reserve funds on the prepayment date. Notwithstanding the foregoing, if the reserve fund requirement is satisfied by a surety bond or other instrument at the time of the prepayment, then no Reserve Fund Credit shall be given. Notwithstanding the foregoing, the Reserve Fund Credit shall in no event be less than 0.
11. The Prepayment Amount is equal to the sum of the Bond Redemption Amount, the Redemption Premium, the Defeasance, and the Administrative Fee, less the Reserve Fund Credit.

With respect to an Annual Special Tax obligation that is prepaid pursuant to this Section G, the Board shall indicate in the records of CFD No. 2001-2 that there has been a prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the prepayment of the Annual Special Tax obligation and the release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such Annual Special Taxes shall cease.

Notwithstanding the foregoing, no prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year and such prepayment will not impair the security of all currently outstanding Bonds, as reasonably determined by the Board.

SECTION H PARTIAL PREPAYMENT OF ANNUAL SPECIAL TAXES

The Annual Special Tax obligation of an Assessor's Parcel, as calculated in Section H.2. below, may be partially prepaid at the times and under the conditions set forth in this section, provided that there are no delinquent Special Taxes, penalties, or interest charges outstanding with respect to such Assessor's Parcel at the time the Annual Special Tax obligation would be prepaid.

1. Partial Prepayment Times and Conditions

Prior to the issuance of the first Building Permit for the construction of a production Unit on a Lot within a Final Map area, the owner of no less than all the Taxable Property within such Final Map area may elect in writing to the Board to prepay a portion of the Annual Special Tax obligations for all the Assessor's Parcels within such Final Map area, as calculated in Section H.2. below. The partial prepayment of each Annual Special Tax obligation shall be collected prior to the issuance of the first Building Permit with respect to each Assessor's Parcel.

2. Partial Prepayment Amount

The Partial Prepayment Amount shall be calculated according to the following formula:

$$PP = P_G \times F$$

The terms above have the following meanings:

- PP = the Partial Prepayment Amount
- P_G = the Prepayment Amount calculated according to Section G
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Annual Special Tax obligation

3. Partial Prepayment Procedures and Limitations

With respect to any Assessor's Parcel that is partially prepaid, the Board shall indicate in the records of CFD No. 2001-1 that there has been a partial prepayment of the Annual Special Tax obligation and shall cause a suitable notice to be recorded in compliance with the Act to indicate the partial prepayment of the Annual Special Tax obligation and the partial release of the Annual Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay such prepaid portion of the Annual Special Tax shall cease.

Notwithstanding the foregoing, no partial prepayment will be allowed unless the amount of Annual Special Taxes that may be levied on Taxable Property after such partial prepayment, net of Administrative Expenses, shall be at least 1.1 times the regularly scheduled annual interest and principal payments on all currently outstanding Bonds in each future Fiscal Year.

**SECTION I
TERMINATION OF SPECIAL TAX**

Annual Special Taxes shall be levied for a period of thirty-three (33) Fiscal Years after Bonds have been issued, provided that Annual Special Taxes shall not be levied after 2037-38.

**SECTION J
EXEMPTIONS**

The Board shall classify as Exempt Property (i) Assessor's Parcels owned by the State of California, Federal or other local governments, (ii) Assessor's Parcels which are used as places of worship and are exempt from *ad valorem* property taxes because they are owned by a religious organization, (iii) Assessor's Parcels used exclusively by a homeowners' association, (iv) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, (v) Assessor's Parcels developed or expected to be developed exclusively for non-residential use, including any use directly servicing any non-residential property, such as parking, as reasonably determined by the Board, and (vi) any other Assessor's Parcels at the reasonable discretion of the Board, provided that no such classification would reduce the sum of all Taxable Property to less than 95.06 acres of Acreage. Notwithstanding the above, the Board shall not classify an Assessor's Parcel as Exempt Property if such classification would reduce the sum of all Taxable Property to less than 95.06 acres of Acreage. Assessor's Parcels which cannot be classified as Exempt Property because such classification would reduce the Acreage of all Taxable Property to less than 95.06 acres of Acreage will continue to be classified as Developed Property or Undeveloped Property, as applicable, and will continue to be subject to Special Taxes accordingly.

**SECTION K
APPEALS**

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the Board not later than twelve months after having paid the first installment of the Special Tax that is disputed. A representative(s) of CFD No. 2001-1 shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the representative's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s).

**SECTION L
MANNER OF COLLECTION**

The Annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes, provided, however, that CFD No. 2001-1 may collect Annual Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

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Exhibit C

California Debt and Investment

Advisory Commission Report

Fullerton School District Financing Authority,
Community Facilities District No. 2000-1 and
Community Facilities District No. 2001-1



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2013-1346
Status: Submitted
10/23/2025

Mello Roos Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Fullerton School District CFD No 2000-1
Issue Name:	2013 Special Tax Ref Bonds
Project Name:	School Facilities
Actual Sale Date:	7/10/2013
Settlement Date:	8/8/2013
Original Principal Amount:	\$960,000.00
Date of Filing:	
Reserve Fund Minimum Balance:	No
Reserve Fund Minimum Balance Amount:	\$0.00
Credit Rating from Report of Final Sale	
Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	
Credit Rating from Mello-Roos Last Yearly Fiscal Status Report	
Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	
Credit Rating for This Reporting Period	
Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2013-1346
Status: Submitted
10/23/2025

Fund Balance

Principal Amount of Bonds Outstanding:	\$455,000.00
Bond Reserve Fund:	\$0.00
Capitalized Interest Fund:	\$0.00
Construction Fund(s):	\$0.00

Assessed Value

Assessed or Appraised Value Reported as of:	1/1/2025
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	\$111,524,128.00

Tax Collection

Total Amount of Special Taxes Due Annually:	\$111,980.96
Total Amount of Unpaid Special Taxes Annually:	\$2,461.12
Does this agency participate in the County's Teeter Plan?	Yes

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025
Total Number of Delinquent Parcels:	2
Total Amount of Special Taxes Due on Delinquent Parcels:	\$2,461.12

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
Delinquent Parcel Detail Report	CFD 2000-1.pdf	10/23/2025

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels
No data available to display.		



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2013-1346
Status: Submitted
10/23/2025

Retired Issues

Indicate Reason for Retirement:

Not Retired

Filing Contact

Filing Contact Name:

Justin Bjorgan

Agency/Organization Name:

KeyAnalytics (California Financial Services)

Address:

27201 Puerta Real

City:

Mission Viejo

State:

CA

Zip Code:

92691

Telephone:

949-2821077

Fax Number:

E-mail:

jbjorgan@calschools.com

Comments

Issuer Comments:

Fullerton School District
Orange County
Community Facilities District No. 2000-1
Fiscal Year 2024/2025 Tax Roll Delinquent Parcel Detail Report

Assessor's Parcel Number	Tax Year	Total Delinquent	Total Special Tax Levied	Percentage Delinquent
284-113-15	2024	\$1,230.56	\$1,230.56	100.00%
284-471-35	2024	\$1,230.56	\$1,230.56	100.00%



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2013-1347
Status: Edited-
Resubmitted
03/09/2026

Mello Roos Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Fullerton School District CFD No 2001-1
Issue Name:	2013 Special Tax Ref Bonds
Project Name:	School Facilities
Actual Sale Date:	7/10/2013
Settlement Date:	8/8/2013
Original Principal Amount:	\$15,515,000.00
Date of Filing:	10/24/2025
Reserve Fund Minimum Balance:	No
Reserve Fund Minimum Balance Amount:	\$0.00
Credit Rating from Report of Final Sale	
Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	
Credit Rating from Mello-Roos Last Yearly Fiscal Status Report	
Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	
Credit Rating for This Reporting Period	
Credit Rating:	Not Rated
Standard & Poor:	
Fitch:	
Moody's:	
Other:	



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2013-1347
Status: Edited-
Resubmitted
03/09/2026

Fund Balance

Principal Amount of Bonds Outstanding:	\$7,420,000.00
Bond Reserve Fund:	\$0.00
Capitalized Interest Fund:	\$0.00
Construction Fund(s):	\$0.00

Assessed Value

Assessed or Appraised Value Reported as of:	1/1/2025
Use Appraised Value only in first year or before annual tax roll billing commences:	From Equalized Tax Roll
Total Assessed Value of All Parcels:	\$1,010,743,154.00

Tax Collection

Total Amount of Special Taxes Due Annually:	\$1,490,902.40
Total Amount of Unpaid Special Taxes Annually:	\$14,593.66
Does this agency participate in the County's Teeter Plan?	Yes

Delinquent Reporting

Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025
Total Number of Delinquent Parcels:	18
Total Amount of Special Taxes Due on Delinquent Parcels:	\$30,115.52

Delinquency Parcel Reporting

Document Type	Document Name	File Upload Date
Delinquent Parcel Detail Report	CFD 2001-1.pdf	3/9/2026

Foreclosure

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax on Foreclosure Parcels
No data available to display.		



MELLO ROOS REPORT

California Debt and Investment Advisory Commission, 915 Capitol Mall,
Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2013-1347
Status: Edited-
Resubmitted
03/09/2026

Retired Issues

Indicate Reason for Retirement:

Not Retired

Filing Contact

Filing Contact Name:

Justin Bjorgan

Agency/Organization Name:

KeyAnalytics (California Financial Services)

Address:

27201 Puerta Real

City:

Mission Viejo

State:

CA

Zip Code:

92691

Telephone:

949-2821077

Fax Number:

E-mail:

jbjorgan@calschools.com

Comments

Issuer Comments:

Fullerton School District
 Orange County
 Community Facilities District No. 2001-1
 Fiscal Year 2024/2025 Tax Roll Delinquent Parcel Detail Report

Assessor's Parcel Number	Tax Year	Total Delinquent	Total Special Tax Levied	Percentage Delinquent
280-321-09	2024	\$863.02	\$1,726.04	50.00%
280-331-05	2024	\$1,726.04	\$1,726.04	100.00%
280-331-31	2024	\$863.02	\$1,726.04	50.00%
280-331-33	2024	\$863.02	\$1,726.04	50.00%
280-341-06	2023	\$1,518.92	\$1,518.92	100.00%
280-371-28	2024	\$1,070.14	\$2,140.28	50.00%
280-371-35	2023	\$1,989.66	\$1,989.66	100.00%
280-391-17	2021	\$1,898.66	\$1,898.66	100.00%
280-391-17	2022	\$1,898.66	\$1,898.66	100.00%
280-391-31	2024	\$1,260.00	\$1,260.00	100.00%
280-391-35	2024	\$630.00	\$1,260.00	50.00%
280-401-06	2021	\$1,726.04	\$1,726.04	100.00%
280-401-06	2022	\$1,726.04	\$1,726.04	100.00%
280-401-06	2023	\$1,726.04	\$1,726.04	100.00%
280-401-06	2024	\$1,726.04	\$1,726.04	100.00%
280-421-33	2024	\$759.46	\$1,518.92	50.00%
280-421-35	2022	\$1,518.92	\$1,518.92	100.00%
280-421-35	2023	\$1,518.92	\$1,518.92	100.00%
280-421-35	2024	\$1,518.92	\$1,518.92	100.00%
934-361-49	2024	\$828.50	\$828.50	100.00%
936-243-10	2024	\$414.25	\$828.50	50.00%
936-243-14	2024	\$414.25	\$828.50	50.00%
936-243-48	2024	\$828.50	\$828.50	100.00%
936-245-04	2024	\$828.50	\$828.50	100.00%



MARKS ROOS AUTHORITY REPORT
 California Debt and Investment Advisory Commission, 915 Capitol Mall,
 Room 400, Sacramento, CA 95814 P.O. Box 942809, Sacramento, CA
 94209-0001 Tel.: (916) 653-3269 Fax: (916) 654-7440

CDIAC # : 2021-2553
 Status: Submitted
 10/23/2025

Marks Roos Authority Report Information as of Reporting Year End: 6/30/2025

Issuance

Authority Issuer:	Fullerton School District Financing Authority
Issue Name:	2022 Special Tax Ref RBs
Senior Issue:	No
Subordinate Issue:	No
Project Name:	School Facility
Actual Sale Date:	1/27/2022
Settlement Date:	1/28/2022
Original Principal Amount:	\$10,360,000.00
Date of Filing:	10/24/2025
Total Issuance Costs:	\$0.00
Total Cost of Issuance from Report of Final Sale:	\$188,806.99
Was a Reserve Fund established with proceeds of this debt issue?:	Yes
Reserve Fund Minimum Balance Amount:	\$135,301.38

Fund Balance

Principal Amount of Bonds Outstanding:	\$7,260,000.00
Capitalized Interest Fund:	\$0.00
Cash Reserve:	\$135,303.04
Surety Bond Reserve:	\$0.00
Total Bond Reserve Fund:	\$135,303.04

Professional Fees

Type of service	Other Text	Service Fee
No Data Available		

Local Obligors



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CDIAC # : 2021-2553
 Status: Submitted
 10/23/2025

CDIAC Number	Issuer Name	Principal Amount	Obligor Type	Administration Fee
2013-1346	Fullerton School District CFD No 2000-1	\$960,000.00	BP	\$0.00
2013-1347	Fullerton School District CFD No 2001-1	\$15,515,000.00	BP	\$0.00
Total:		\$16,475,000.00		\$0.00

Investment Contracts

Final Maturity of the Investment Contract:

Commission/Fee for Contract (total): \$0.00

Interest Earnings on Contract (current): \$0.00

Retired Issues

Indicate Reason for Retirement: Not Retired

Filing Contact

Filing Contact Name: Justin Bjorgan

Agency/Organization Name: KeyAnalytics (California Financial Services)

Address: 27201 Puerta Real

City: Mission Viejo

State: CA

Zip Code: 92691

Telephone: 949-2821077

Fax Number:

E-mail: jbjorgan@calschools.com

Comments

Issuer Comments:



Marks Roos Local Obligor Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Fullerton School District CFD No 2000-1
Issue Name:	2013 Special Tax Ref Bonds
Project Name:	School Facilities
Date of Bond Issue/Loans:	7/10/2013
Settlement Date:	8/8/2013
Original Principal Amount:	\$960,000.00
Date of Filing:	10/24/2025
Total Issuance Costs:	\$0.00
Total Cost of Issuance from Report of Final Sale:	\$0.00
Name of Authority that purchased debt:	Fullerton School District Financing Authority
Date of Authority Bond(s) Issuance:	8/8/2013
Total Costs of Issuance from Authority Report of Final Sale:	\$429,525.01
Is the Reserve Fund held at Authority level?:	No
Reserve Fund Minimum Balance Amount:	\$0.00
Part of Authority Reserve Fund:	Yes
Percent of Reserve Fund:	5.78

Fund Balance

Principal Amount of Bonds Outstanding:	\$455,000.00
Bond Reserve Fund:	\$0.00
Capitalized Interest Fund:	\$0.00
Administrative Fee Charged by Authority:	\$0.00

Delinquent Reporting

Have Delinquent Taxes been reported?	Y
Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025



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CDIAC # : 2013-1346
Status: Submitted
10/23/2025

Delinquency Rate:	2.2
Does this agency participate in the County's Teeter Plan?	Y
Taxes Due:	\$111,980.96
Taxes Unpaid:	\$2,461.12

Retired Issues

Indicate Reason for Retirement:	Not Retired
---------------------------------	-------------

Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:



Marks Roos Local Obligor Report Information as of Reporting Year End: 6/30/2025

Issuance

Issuer Name:	Fullerton School District CFD No 2001-1
Issue Name:	2013 Special Tax Ref Bonds
Project Name:	School Facilities
Date of Bond Issue/Loans:	7/10/2013
Settlement Date:	8/8/2013
Original Principal Amount:	\$15,515,000.00
Date of Filing:	10/24/2025
Total Issuance Costs:	\$0.00
Total Cost of Issuance from Report of Final Sale:	\$0.00
Name of Authority that purchased debt:	Fullerton School District Financing Authority
Date of Authority Bond(s) Issuance:	8/8/2013
Total Costs of Issuance from Authority Report of Final Sale:	\$429,525.01
Is the Reserve Fund held at Authority level?:	No
Reserve Fund Minimum Balance Amount:	\$0.00
Part of Authority Reserve Fund:	Yes
Percent of Reserve Fund:	94.22

Fund Balance

Principal Amount of Bonds Outstanding:	\$7,420,000.00
Bond Reserve Fund:	\$0.00
Capitalized Interest Fund:	\$0.00
Administrative Fee Charged by Authority:	\$0.00

Delinquent Reporting

Have Delinquent Taxes been reported?	Y
Delinquent Parcel Information Reported as of Equalized Tax Roll of:	7/1/2025



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CDIAC # : 2013-1347
Status: Submitted
10/23/2025

Delinquency Rate:	0.98
Does this agency participate in the County's Teeter Plan?	Y
Taxes Due:	\$1,490,902.40
Taxes Unpaid:	\$14,593.66

Retired Issues

Indicate Reason for Retirement:	Not Retired
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Filing Contact

Filing Contact Name:	Justin Bjorgan
Agency/Organization Name:	KeyAnalytics (California Financial Services)
Address:	27201 Puerta Real
City:	Mission Viejo
State:	CA
Zip Code:	92691
Telephone:	949-2821077
Fax Number:	
E-mail:	jbjorgan@calschools.com

Comments

Issuer Comments:



Annual Debt Transparency Report Information as of Reporting Year End: 6/30/2025

Issuance Information

Issuer Name:	Fullerton School District Financing Authority
Issue Name:	2022 Special Tax Ref RBs
Project Name:	School Facility
Actual Sale Date:	1/27/2022
Settlement Date:	1/28/2022
Original Principal Amount:	\$10,360,000.00
Net Original Issue Premium/Discount:	\$0.00
Proceeds Used to Acquire Local Obligations (Marks-Roos Only):	\$0.00
Total Reportable Proceeds:	\$10,360,000.00
Total cost of issuance from Report of Final Sale:	\$188,806.99

Issuance Authorization

Authorization (1):	
Authorization Name:	Resolution No 2I/22-CFD-01
Original Authorized Amount:	\$10,500,000.00
Authorization Date:	1/11/2022
Amount Authorized - Beginning of the Reporting Period:	\$140,000.00
Amount Authorized - During the Reporting Period:	\$0.00
Total Debt Authorized:	\$140,000.00
Debt Issued During the Reporting Period:	\$0.00
Replenishment Reported During the Reporting Period:	\$0.00
Total Debt Authorized but Unissued:	\$140,000.00
Authorization Lapsed:	\$0.00
Total Authorization Remaining - End of Reporting Period:	\$140,000.00

Principal Outstanding



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CDIAC # : 2021-2553
 Status: Submitted
 11/10/2025

Principal Balance Upon Sale or at Beginning of the Reporting Period:	\$8,225,000.00
Accreted Interest – During Reporting Period:	\$0.00
Total Principal and Accreted Interest:	\$8,225,000.00
Principal Paid with Proceeds from Other Debt Issues – During the Reporting Period:	\$0.00
Principal Payments - During the Reporting Period (not reported as payments above):	\$965,000.00
Principal Outstanding – End of Reporting Period:	\$7,260,000.00

Refunding/Refinancing Issues

CDIAC #	Refunding/refinancing Amount	Redemption/Payment Date
No data available to display.		

Use of Proceeds

Report End Date	Begin Amount	Spent Amount	Remain Amount
6/30/2022	\$10,360,000.00	\$10,360,000.00	\$0.00
6/30/2023	\$0.00	\$0.00	\$0.00
6/30/2024	\$0.00	\$0.00	\$0.00
6/30/2025	\$0.00	\$0.00	\$0.00

Proceeds Spent/Unspent (Fund Level)

Fund Category	Total Reportable Proceeds Available	Proceeds Spent Current Reporting Period	Proceeds Spent Prior Reporting Period(s)	Proceeds Unspent / Remaining
COST OF ISSUANCE	\$188,806.99	\$0.00	\$188,806.99	\$0.00
REFUNDING ESCROW ACCOUNT	\$10,171,193.01	\$0.00	\$10,171,193.01	\$0.00
TOTAL:	\$10,360,000.00	\$0.00	\$10,360,000.00	\$0.00

Expenditures of Current Reporting Period

Fund Category	Purpose	Expenditure Amount
No data available to display.		
TOTAL:		\$0.00



Expenditure Summary

Fund Category	Purpose	Expenditure In Current Reporting Period	Expenditure In Prior Reporting Period(s)	Total Expenditure All Periods
No data available to display.				
TOTAL:		\$0.00	\$10,360,000.00	\$10,360,000.00

Refunded/Refinanced Issues

CDIAC #	Refunding/refinancing Amount	Redemption/Payment Date
2013-1108	\$10,360,000.00	9/1/2023
2013-1109	\$10,360,000.00	9/1/2023
2013-1346	\$10,360,000.00	9/1/2023
2013-1347	\$10,360,000.00	9/1/2023

Filing Contact

Filing Contact Name: Justin Bjorgan
 Agency/Organization Name: KeyAnalytics (California Financial Services)
 Address: 27201 Puerta Real
 City: Mission Viejo
 State: CA
 Zip Code: 92691
 Telephone: 949-2821077
 Fax Number:
 E-mail: jbjorgan@calschools.com

Comments

Issuer Comments:

ADTR Reportable

Principal Outstanding – End of Reporting Period: \$7,260,000.00



ANNUAL DEBT TRANSPARENCY REPORT

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CDIAC # : 2021-2553
Status: Submitted
11/10/2025

Proceeds Unspent – End of Reporting Period:	\$0.00
ADTR Reportable Next Reporting Year:	Yes