

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2026

NEW ISSUE—BOOK-ENTRY ONLY

**RATING:
S&P: “AA”
See “RATING” herein.**

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.



\$82,000,000*
**FULLERTON JOINT UNION
HIGH SCHOOL DISTRICT**
(Orange and Los Angeles Counties, California)
**General Obligation Bonds,
Election of 2024, Series B (2026)**

\$24,070,000*
**FULLERTON JOINT UNION
HIGH SCHOOL DISTRICT**
(Orange and Los Angeles Counties, California)
**2026 General Obligation
Refunding Bonds**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

The \$82,000,000* Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series B (2026) (the “Series B Bonds”) are being issued by the Fullerton Joint Union High School District (the “District”) pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution of the Board of Trustees of the District (the “Board”). The Series B Bonds are being issued to (i) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on November 5, 2024, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of \$284,000,000 (the “2024 Authorization”), (ii) fund a debt service fund through August 1, 2027*, and (iii) pay costs of issuance associated with the sale of the Series B Bonds. The Series B Bonds constitute the second issue of bonds under the 2024 Authorization.

The \$24,070,000* Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) 2026 General Obligation Refunding Bonds (the “Refunding Bonds,” and together with the Series B Bonds, the “Bonds”) are being issued by the District pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code and a resolution of the Board to (i) current refund all or a portion of the District’s outstanding General Obligation Bonds, Election of 2014, Series A (2015) (“2015 Bonds”), and (ii) pay costs of issuance associated with the sale of the Refunding Bonds.

The Bonds constitute general obligations of the District. The Board of Supervisors of Orange and Los Angeles Counties are empowered and obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on, and principal of, the Bonds upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates), all as more fully described herein under “THE BONDS” and “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.”

The Bonds will be issued as current interest bonds. The Bonds are issuable in denominations of \$5,000 principal amount and any integral multiple thereof. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2026. See “THE BONDS” herein. The Bonds will be delivered in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Ownership interests in Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”), to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein.* See “THE BONDS – Redemption” herein.*

Maturity Schedule
(See inside front cover)

This cover page and the inside cover pages contain information for quick reference only. They are not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

*Pursuant to the terms of a public sale on _____, 2026, the Series B Bonds were awarded to the Series B Bonds Underwriter thereof at a True-Interest Cost of _____%. Pursuant to the terms of a public sale on _____, 2026, the Refunding Bonds were awarded to the Refunding Bonds Underwriter thereof at a True-Interest Cost of _____%. Each series of the Bonds is being offered when, as and if issued and received by the respective Underwriter thereof, subject to the approval of legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth LLP, as Disclosure Counsel. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York on or about May 6, 2026.**

_____, 2026

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

\$82,000,000*
FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
General Obligation Bonds,
Election of 2024, Series B (2026)

MATURITY SCHEDULE
CUSIP[†] Prefix: _____

<i>Maturity (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>	<i>Yield</i>	<i>CUSIP[†] Suffix</i>
--------------------------------	-----------------------------	--------------------------	--------------	--------------	-------------------------------------

\$ _____ . _____ % Term Bonds maturing August 1, 20 __; Price: _____, to yield _____ %;
CUSIP[†] _____

* Preliminary, subject to change.

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\$24,070,000*
FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
(Orange and Los Angeles Counties, California)
2026 General Obligation Refunding Bonds

MATURITY SCHEDULE

CUSIP[†] Prefix: _____

<i>Maturity (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Price</i>	<i>Yield</i>	<i>CUSIP[†] Suffix</i>
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\$ _____ . _____ % Term Bonds maturing August 1, 20 __; Price: _____, to yield _____ %;
CUSIP[†] _____

* Preliminary, subject to change.

[†] CUSIP[®] is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc Copyright(c) 2026 CUSIP Global Services. All rights reserved. CUSIP[®] data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP[®] numbers are provided for convenience of reference only. None of the Authority, the City or the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond or note owner and the District or the Underwriter indicated in this Official Statement.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. Certain information set forth in this Official Statement has been furnished by sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

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

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, Orange County, Los Angeles County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds.

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

1051 West Bastanchury Road
Fullerton, California 92833
(714) 870-2800
<http://www.fjuhsd.org/>*

BOARD OF TRUSTEES

Marilyn Buchi, *President*
Lauren Klatzker, *Clerk*
Joanne Fawley, *Board Member*
Chester Jeng, *President*
Vicki Calhoun, *Board Member*

DISTRICT ADMINISTRATION

Steve McLaughlin Ed.D., *Superintendent*
Ruben Hernandez, *Assistant Superintendent, Business Services*
Vincent Madsen, *Director of Facilities, Maintenance & Operations*
Kristina Navarro, *Director of Fiscal Services*

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

PAYING AGENT AND ESCROW AGENT

U.S. Bank Trust Company, National Association
Los Angeles, California

VERIFICATION AGENT

Causey Public Finance, LLC
Denver, Colorado

* Information therein is not incorporated by reference into this Official Statement.

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\$ 82,000,000*
**FULLERTON JOINT UNION
HIGH SCHOOL DISTRICT
(Orange and Los Angeles Counties,
California)
General Obligation Bonds,
Election of 2024, Series B (2026)**

\$24,070,000*
**FULLERTON JOINT UNION
HIGH SCHOOL DISTRICT
(Orange and Los Angeles
Counties, California)
2026 General Obligation
Refunding Bonds,**

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of (i) the \$82,000,000* Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series B (2026) (the “Series B Bonds”) and (ii) \$24,070,000* Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) 2026 General Obligation Refunding Bonds (the “Refunding Bonds”, and together with the Series B Bonds, the “Bonds”).

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

The District

The District is located primarily in Orange County with a small portion in southeastern Los Angeles County (together with Orange County, the “Counties”). The District was organized in 1893 and serves grades nine through twelve. The District serves an area comprising approximately 55 square miles. The District operates six comprehensive high schools, one continuation high school and one alternative high school. Average daily attendance in the District for the 2024-25 fiscal year was 11,945.

The District is governed by a five-member Board of Trustees (the “Board of Trustees”), whose members are elected at large to four-year terms. The members of the District Board elect a president each year. The management and policies of the District are administered by a Superintendent appointed by the Board of Trustees who is responsible for day-to-day District operations as well as the supervision of the District’s other personnel.

For more complete information concerning the District, including certain financial information, see “THE DISTRICT” and APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION. The District’s audited financial statements for the fiscal year ended June 30, 2025, are included as APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025.

Sources of Payment for the Bonds

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the Counties. The Boards of Supervisors of the respective Counties are empowered and are obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain

* Preliminary, subject to change.

personal property which is taxable at limited rates). See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.”

District for Issue; Purpose of Issues

Series B Bonds. The Series B Bonds are being issued by the District pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution adopted by the Board of Trustees on April 14, 2026 (the “Series B Bonds Resolution”).

The Series B Bonds are being issued to (i) finance the acquisition and construction of educational facilities and projects which were described in the ballot measure approved by the electors of the District on November 5, 2024, which authorized the issuance of general obligation bonds in the maximum aggregate principal amount of \$284,000,000 (the “2024 Authorization”), (ii) fund a debt service fund through August 1, 2027*, and (iii) pay costs of issuance associated with the sale of the Series B Bonds. The Series B Bonds represent the second issue under the 2024 Authorization.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution of the Board relating to the Refunding Bonds approved on April 14, 2026 (the “Refunding Bonds Resolution,” and together with the Series B Bonds Resolution, the “Bond Resolutions”).

The Refunding Bonds are being issued to (i) current refund all or a portion of the District’s outstanding General Obligation Bonds, Election of 2014, Series A (2015) (“2015 Bonds”), and (ii) pay costs of issuance associated with the sale of the Refunding Bonds.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds will be dated as of their date of delivery, will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 principal amount or any integral multiple thereof. Interest on the Bonds accrues from their date of delivery and is payable semiannually on each February 1 and August 1 (each an “Interest Payment Date”), commencing August 1, 2026.

The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “BOOK-ENTRY ONLY SYSTEM” and APPENDIX G—BOOK-ENTRY SYSTEM. In event that the book-entry system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution as described herein. See “THE BONDS—Registration, Transfer and Exchange of Bonds.” Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount or any integral multiple thereof.

The Bonds are subject to redemption prior to maturity. See “THE BONDS—Redemption.”

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for

* Preliminary, subject to change.

purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

Offering and Delivery

The Bonds are offered when, as and if issued and received by the purchaser, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about May __, 2026.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). The specific nature of the information to be made available and of the notices of enumerated events is summarized below under the caption “CONTINUING DISCLOSURE.” Also, see APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES.

Professionals Involved in the Bond Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Bonds. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is also serving as Disclosure Counsel to the District with respect to the Bonds (“Disclosure Counsel”). Fieldman, Rolapp & Associates, Inc., Irvine, California, will act as Municipal Advisor to the District with respect to the Bonds. The payment of fees and expenses of such firms with respect to the Bonds is contingent on the sale and delivery of the Bonds. The District’s financial statements for the fiscal year ended June 30, 2025, have been audited by CliftonLarsonAllen LLP, Glendora, California. See APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025. The Underwriter is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available for inspection at the office of the Assistant Superintendent, Business Services, Fullerton Joint Union High School District, 1051 West Bastanchury Road, Fullerton, CA 92833, telephone (714) 870-2800. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

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

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” or other similar words. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

All terms used in this Official Statement and not otherwise defined shall have the meanings given such terms in the Resolutions.

THE BONDS

Authority for Issuance

Series B Bonds. The Series B Bonds are being issued by the District pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with section 53506) of the California Government Code and a resolution adopted by the Board of Trustees on April 14, 2026 (the “Series B Bonds Resolution”).

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution of the Board relating to the Refunding Bonds approved on April 14, 2026 (the “Refunding Bonds Resolution,” and together with the Series B Resolution, the “Bond Resolutions”).

Purposes of Issuance

Series B Bonds. The Series B Bonds are being issued to (i) finance the acquisition and construction of educational facilities and projects which were described in the 2024 Authorization, (ii) fund a debt service fund through August 1, 2027*, and (iii) pay costs of issuance associated with the sale of the Series B Bonds.

Refunding Bonds. The Refunding Bonds are being issued to provide funds to (i) current refund all or a portion of the District’s outstanding 2015 Bonds and (ii) pay costs of issuance associated with the sale of the Refunding Bonds.

The District has authorized and issued certain other general obligation bonds. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—District Debt Structure.”

* Preliminary, subject to change.

Security

The Bonds constitute general obligations of the District payable solely from *ad valorem* property taxes levied and collected by the Counties. The Boards of Supervisors of the respective Counties are empowered and are obligated to levy *ad valorem* taxes for the payment of the Bonds, and the interest thereon, upon all property in the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for a reserve, established to avoid fluctuations in tax levies. Such taxes, when collected, will be deposited, with respect to the Bonds, into the Debt Service Fund and which is required by the California Education Code to be applied for the payment of principal of and interest on the Bonds when due. Although the Counties are obligated to levy an *ad valorem* tax for the payment of the Bonds, and the Treasurer-Tax Collectors of the Counties will maintain the Debt Service Fund, the Bonds are a debt of the District, not of the Counties.

Moneys placed in the Debt Service Fund of the District are irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. The property taxes and amounts held in the Debt Service Fund of the District shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to the statutory lien in accordance with section 53515(a) of the California Government Code, and the Bonds were issued to finance one or more projects authorized under the authorization provided by District voters and not to finance the general purposes of the District.

In accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the 2024 Authorization. The lien shall automatically attach without further action or authorization by the District or the Counties. The lien shall be valid and binding from the time the Bonds are issued and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the Counties, through the Treasurer-Tax Collectors of the Counties, to the Paying Agent (hereinafter defined) which, in turn, will pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of principal and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to the Beneficial Owners (as defined herein) of the Bonds.

The amount of the annual *ad valorem* tax levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemption for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, fire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS."

Description of the Bonds

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds. See “BOOK-ENTRY ONLY SYSTEM” and APPENDIX G—BOOK-ENTRY SYSTEM.

Interest on the Bonds accrues from their date of issuance and is payable semiannually on each Interest Payment Date. Interest on the Bonds accrues on the basis of a 360-day year comprised of twelve 30-day months. Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to that Interest Payment Date, inclusive, in which event it will bear interest from such Interest Payment Date, or unless it is authenticated on or before July 15, 2026, in which event it will bear interest from its date of delivery.

The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on the dates, in the years and amounts set forth on the cover page hereof. The principal of and interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner’s address as it appears on the registration books maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the “Record Date”), or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of the Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date. See also “Book Entry Only System” below.

See the maturity schedule on the inside cover page hereof and “Debt Service Schedule.”

Payment

The redemption price, if any, on the Bonds will be payable upon maturity or redemption upon surrender of such Bonds at the principal office of the Paying Agent. The interest, principal and redemption price, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute obligations of the Counties. No part of any fund of the Counties is pledged or obligated to the payment of the Bonds.

Redemption*

Optional Redemption. The Bonds maturing on and prior to August 1, 2036, are not callable for redemption prior to their stated maturity dates. The Bonds maturing on and after August 1, 2037, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any date on or after August 1, 2036, from any source lawfully available therefor, at a redemption price equal to the principal amount of the Bonds called for redemption, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series B Bonds maturing on August 1, 20__ (the “Series B Term Bonds”), are also subject to mandatory sinking fund redemption in part by lot on August 1, 20__, and on each August 1 thereafter, to and including August 1, 20__, from mandatory sinking fund payments made

* *Preliminary, subject to change.*

by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Series B Term Bonds

<i>Sinking Fund Redemption Date (August 1)</i>	<i>Principal Amount to be Redeemed</i>
--	--

† Maturity.

The Refunding Bonds maturing on August 1, 20__ (the “Refunding Term Bonds,” and together with the Series B Term Bonds, the “Term Bonds”), are also subject to mandatory sinking fund redemption in part by lot on August 1, 20__, and on each August 1 thereafter, to and including August 1, 20__, from mandatory sinking fund payments made by the District at a redemption price equal to the principal amount thereof, without premium, in the aggregate respective amounts and on the respective dates as set forth in the following table.

Refunding Term Bonds

<i>Sinking Fund Redemption Date (August 1)</i>	<i>Principal Amount to be Redeemed</i>
--	--

† Maturity.

If some but not all of the Term Bonds have been optionally redeemed, the aggregate principal amount of Term Bonds to be redeemed under this paragraph will be reduced on a pro rata basis in integral multiples of \$5,000, as will be designated pursuant to written notice filed by the District with the Paying Agent:

Selection of Bonds for Redemption. If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof to be redeemed shall be called in such order as shall be directed by the District and, in lieu of such direction, in inverse order of their maturity. Within a maturity, the Paying Agent shall select the Bonds for redemption by lot; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bonds as representing that number of Bonds which is obtained by dividing the principal amount of such Bonds by five thousand dollars.

Notice of Redemption. The Paying Agent on behalf and at the expense of the District will mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least twenty (20) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Bond Register, and (ii) the Securities Depositories and to one or more Information Services, at least twenty (20) but not more than sixty (60) days prior to the redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP

numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the principal office of the Paying Agent for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption may state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption will not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent will send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given will remain Outstanding for all purposes.

Conditional Notice of Redemption. Any notice of optional redemption of the Bonds may be conditional and if any condition stated in the notice of redemption will not have been satisfied on or prior to the redemption date, (i) said notice will be of no force and effect, (ii) the District will not be required to redeem such Bonds; (iii) the redemption will be cancelled and (iv) the Paying Agent will within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. The actual receipt by the owner of any of the Bonds of notice of such cancellation will not be a condition precedent to cancellation, and failure to receive such notice or any defect in such notice will not affect the validity of the cancellation

Rescission of Notice of Redemption. The District may rescind any optional redemption and notice thereof for any reason on any date on or prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Debt Service Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which the notice of redemption was originally given. The actual receipt by the owner of any of the Bonds of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Partial Redemption of Bonds. In the event only a portion of any of the Bonds is called for redemption, then upon surrender of such Bonds the District will execute and the Paying Agent will authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed. The Bonds need not be presented for mandatory sinking fund redemptions.

Effect of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for such purpose, the Bonds to be redeemed will become due and payable on such date of redemption. If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, will be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof will have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of the Bonds will be held in trust for the account of the registered owners of the Bonds so to be redeemed. The Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, and sufficient moneys are held by the Paying Agent irrevocably in

trust for the payment of the redemption price of such Bonds or portions thereof, then such Bonds will no longer be deemed outstanding and will be surrendered to the Paying Agent for cancellation.

Defeasance

Discharge of Resolution. The Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

- (i) by paying or causing to be paid the principal or redemption price of and interest on the Bonds Outstanding, as and when the same become due and payable;
- (ii) by depositing, in trust with an escrow holder, at or before maturity, money or securities (or both) in the necessary amount (as provided in the Resolutions) to pay or redeem the Bonds Outstanding; or
- (iii) by delivering to the Paying Agent, for cancellation by it, the Bonds Outstanding.

then and in that case, at the election of the District (evidenced by a certificate of a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Resolution), and notwithstanding that any Bonds will not have been surrendered for payment, the Resolution and all covenants, agreements and other obligations of the District under the Resolution will cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Resolution. In such event, upon request of the District, the Paying Agent will cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and will execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent will pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to the Resolution which are not required for the payment or redemption of the Bonds not theretofore surrendered for such payment or redemption.

Discharge of Liability on Bonds. Upon the deposit, in trust, at or before maturity, of money or securities (or both) in the necessary amount (as provided in the Resolution to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption will have been given as provided in the Resolution or provision satisfactory to the Paying Agent will have been made for the giving of such notice, then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the Owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited in trust with an escrow holder as aforesaid for such payment, provided further, however, that the provisions of the Resolution will apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Paying Agent. Whenever in the Resolution it is provided or permitted that there be deposited with or held in trust with an escrow holder money or securities (or both) in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to the Resolution and will be:

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption will have been given as provided in the Resolution or provision satisfactory to the Paying Agent will have been made for the giving of such notice, the

amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of the Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption will have been given as provided in the Resolution or provision satisfactory to the Paying Agent will have been made for the giving of such notice;

provided, in each case, that the Paying Agent will have been irrevocably instructed (by the terms of the Resolution or by request of the District) to apply such money to the payment of such principal or redemption price and interest with respect to such Bonds.

Payment of Bonds After Discharge of Resolution. Notwithstanding any provisions of the Resolution, any moneys held in trust with an escrow holder for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Resolution), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, will, upon request of the District, be repaid to the District free from the trusts created by the Resolution, and all liability of the escrow holder with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in the Resolution (the "Bond Register"). Subject to the provisions of the Resolution, the person in whose name a Bond is registered on the Bond Register will be regarded as the absolute owner of that Bond for all purposes of the Resolution. Payment of or on account of the principal of any Bond will be made only to or upon the order of that person; neither the District, nor the Paying Agent will be affected by any notice to the contrary, but the registration may be changed as provided in the Resolution. All such payments will be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

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

Any Bond may be exchanged for Bonds of like tenor, maturity, and outstanding principal amount or maturity value (the "Transfer Amount") upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the District will sign, and the Paying Agent will authenticate and deliver Bonds in accordance with the provisions of the Resolution. All fees and costs of transfer will be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer will be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under the Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer will be canceled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds will be promptly canceled by the Paying Agent. Written reports of the surrender and cancellation of Bonds will be made to the District by the Paying Agent. The canceled Bonds will be retained for a period of time, then returned to the District or destroyed by the Paying Agent as directed by the District.

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

Estimated Sources and Uses of Funds

Bonds. The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources of Funds:	<u>Series B Bonds</u>	<u>Refunding Bonds</u>
Principal Amount of the Bonds		
Plus: Net Original Issue Premium		
Total Sources of Funds		
Uses of Funds:		
Deposit to Building Fund		
Deposit to Debt Service Funds ⁽¹⁾		
Escrow Fund		
Underwriter’s Discount		
Costs of Issuance ⁽²⁾		
Total Uses of Funds		

⁽¹⁾ Represents a portion of interest on the Series B Bonds funded through August 1, 2027*.

⁽²⁾ Reflects costs of issuance, including, but not limited to, legal fees, municipal advisory fees, printing costs, rating agency fees and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

Financing Plan

Series B Bonds. The Series B Bonds are being issued by the District to provide funds to (i) finance the acquisition and construction of educational facilities and projects which were described in 2024 Authorization, (ii) fund a debt service fund through August 1, 2027*, and (iii) pay costs of issuance associated with the sale of the Series B Bonds.

The proceeds of sale of the Series B Bonds, exclusive of any premium received, shall be deposited in the Orange County Treasury to the credit of the Building Fund of the District. Any premium shall be deposited upon receipt in the Debt Service Fund of the District within the Orange County Treasury. All funds held in the

* Preliminary, subject to change.

Debt Service Fund of the District shall be invested at the sole discretion of the Board of Supervisors of Orange County. All funds held in the Building Fund of the District by the County shall be invested at the discretion of the Board of Supervisors of Orange County, pursuant to law and the investment policy of Orange County. The Board of Supervisors of Orange County neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District shall maintain or cause to be maintained detailed records with respect to the applicable proceeds. See APPENDIX D—ORANGE COUNTY, CALIFORNIA 2025 INVESTMENT POLICY. A portion of the proceeds of the Series B Bonds will be retained by the Paying Agent in a costs of issuance account and used to pay costs associated with the issuance of the Serie B Bonds.

Refunding Bonds. The Refunding Bonds are being issued by the District to provide funds to (i) current refund all or a portion of the District’s outstanding 2015 Bonds, and (ii) pay costs of issuance associated with the sale of the Refunding Bonds.

An amount of premium or proceeds from the sale of the Refunding Bonds will be deposited with the Escrow Agent, to the credit of the “Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2014, Series A (2015)” (the “Escrow Fund”) held pursuant to an escrow agreement, dated as of May 1, 2026, by and between the District and U.S. Bank Trust Company, National Association (the “Escrow Agreement”). Pursuant to the Escrow Agreement, the amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”); however, the principal of such Federal Securities will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, but without taking into account interest earnings, to enable the Escrow Agent to pay the principal of and interest on the 2015 Bonds as such becomes due and payable. Amounts deposited into the Escrow Fund under the Escrow Agreement are not available to pay any other obligations of the District.

The table below shows information on the specific maturities of the 2015 Bonds to be refunded and defeased to the Redemption Date with proceeds of the Refunding Bonds.

REFUNDED BONDS*
Fullerton Joint Union High School District
(Orange and Los Angeles Counties, California)
General Obligation Bonds, Election of 2014, Series A (2015)

<i>Dated Date</i>	<i>Maturity Date</i>	<i>Principal Amount</i>	<i>Redemption Price ⁽¹⁾</i>	<i>Interest Rate</i>	<i>CUSIP[†] No.</i>
10/28/2015	08/01/2027	\$1,530,000.00	100	5.000%	359796EA3
10/28/2015	08/01/2028	1,605,000.00	100	5.000	359796EB1
10/28/2015	08/01/2029	1,685,000.00	100	3.000	359796EC9
10/28/2015	08/01/2030	1,735,000.00	100	3.000	359796ED7
10/28/2015	08/01/2031	1,785,000.00	100	3.000	359796EE5
10/28/2015	08/01/2032	1,840,000.00	100	3.125	359796EF2
10/28/2015	08/01/2033	1,900,000.00	100	3.125	359796EG0
10/28/2015	08/01/2034	1,960,000.00	100	3.250	359796EH8
10/28/2015	08/01/2035	2,020,000.00	100	3.375	359796EJ4
10/28/2015	08/01/2036	2,090,000.00	100	3.375	359796EK1
10/28/2015	08/01/2037	2,160,000.00	100	3.500	359796EL9
10/28/2015	08/01/2038	2,235,000.00	100	3.500	359796EM7
10/28/2015	08/01/2039	2,315,000.00	100	3.625	359796EN5
10/28/2015	08/01/2040	2,400,000.00	100	3.625	359796EP0

* Preliminary, subject to change.

Escrow Verification. Upon delivery of the Refunding Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them by the Underwriters relating to the adequacy of the maturing principal of and interest on the Federal Securities in the Escrow Fund, together with any moneys held therein as cash, to pay the principal of and interest on the Refunded Bonds when due.

Permitted Investments

Under California law, the District is generally required to pay all moneys received from any source into the Orange County treasury to be held on behalf of the District. The proceeds from the sale of the Bonds to the extent of the principal amount thereof, will be deposited in the Orange County treasury to the credit of the Building Fund (with the exception of amounts transferred to U.S. Bank Trust Company, National Association to pay costs of issuance of the Bonds) and shall be accounted for, together with the proceeds of other bonds of the District separately from all other District and Orange County funds. Such proceeds shall be applied solely for the purposes for which the Bonds were authorized. Any premium or accrued interest from the sale of the bonds shall be deposited in the Debt Service Fund of the District held in the Orange County treasury and will be used

* Preliminary, subject to change.

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to pay interest on the Bonds as it becomes due. Interest and earnings on each fund established with respect to the Bonds will accrue to such fund.

All funds held by the Orange County treasury (the “Orange County Treasury”) in the Building Fund and the Debt Service Fund are expected to be invested at the sole discretion of the Board of Supervisors of Orange County, on behalf of the District, in investment pools of the Orange County into which the District may lawfully invest its funds, any investments authorized pursuant to the California Government Code 53601, and following of the California Government Code all in accordance with the investment policy of the Orange County, as such statutes and investment policy may be amended or supplemented from time to time. Under existing law, amounts in the Building Fund are required to be invested in the Orange County treasury and will be invested in the Orange County Treasury Pool. At no time shall the proceeds be withdrawn by the District for investment outside the Orange County treasury.

See APPENDIX D—ORANGE COUNTY, CALIFORNIA, 2025 INVESTMENT POLICY and APPENDIX H—ORANGE COUNTY TREASURY POOL.

Debt Service Schedules

Series B Bonds. The following table shows the debt service schedule with respect to the Series B Bonds (assuming no optional redemptions).

<i>Bond Year Ending August 1</i>	<i>Principal</i>	<i>Interest ⁽¹⁾</i>	<i>Total</i>
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⁽¹⁾ Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2026. A portion of interest is funded from Bond proceeds through August 1, 2027*.

* Preliminary, subject to change.

Refunding Bonds. The following table shows the debt service schedule with respect to the Refunding Bonds (assuming no optional redemptions).

<i>Bond Year Ending August 1</i>	<i>Principal</i>	<i>Interest ⁽¹⁾</i>	<i>Total</i>
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⁽¹⁾ Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2026.

PAYING AGENT

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as the paying agent for the Bonds (the “Paying Agent”). As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice.

The Paying Agent, the District, the Counties and the Underwriter have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests for the Bonds.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. See APPENDIX G—BOOK-ENTRY SYSTEM.

THE DISTRICT

General Information

The District was organized in 1893 and serves grades 9-12. It serves a fifty-five square-mile area that includes the elementary districts of Buena Park, Fullerton, La Habra and Lowell Joint. The District operates six four-year comprehensive high schools -- Buena Park, Fullerton, La Habra, Sonora, Sunny Hills, and Troy. La Vista High School, a continuation high school and La Sierra High School, an alternative high school, also serves District students. A comprehensive summer school program is offered each year. The District’s school year consists of 180 instructional days of 380 minutes each.

Unless otherwise indicated, the financial, statistical and demographic data in this Official Statement has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Fullerton Joint Union High School District, Attention: Assistant Superintendent, Business Services.

Board of Trustees and Administration

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions.

<i>District Board Member</i>	<i>Office</i>	<i>Current Term Expires (December)</i>
Marilyn Buchi	President	2028
Lauren Klatzker	Clerk	2026
Chester Jeng	Board Member	2026
Joanne Fawley	Board Member	2028
Vicki Calhoun	Board Member	2026

The District’s day-to-day operations are managed by a board-appointed Superintendent of Schools. Dr. Steve McLaughlin was appointed as Superintendent of the District in July 2021. Dr. McLaughlin has over 25 years of experience in California schools. Ruben Hernandez serves as the Assistant Superintendent of Business Services, Vincent Madsen, serves as Director of Facilities, Maintenance & Operations, and Kristina Navarro serves as the Director of Fiscal Services for the District.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem taxes levied and collected by the Counties on taxable property in the District. The District’s General Fund is not a source for the repayment of the Bonds.

General

In order to provide sufficient funds for repayment of principal and interest when due on the Bonds, the Board of Supervisors of the Counties are empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). Such taxes are in addition to other taxes levied upon property within the District, including the countywide tax of 1% of taxable value. When collected, the tax revenues will be deposited by the Counties in the District’s Debt Service Fund, which is required to be maintained by Orange County and to be used solely for the payment of bonds of the District.

Property Taxation System

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, the Boards of Supervisors of the Counties will levy and collect *ad valorem* taxes on all taxable parcels within the District, which are pledged specifically to the repayment of the Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIII A of the California Constitution and its implementing legislation is taken into account in connection with the State’s Local Control Funding Formula (“LCFF”) which determines the amount of funding received by the District from the State to operate the District’s educational programs and operations. The LCFF replaces revenue limit and most categorical program funding previously used to determine the amount of funding received by the District from the State. LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district’s student demographic. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System” and “—2019-20 State Budget Provisions Specific to K through 12 Education” below. As described below, the general *ad valorem* property tax levy, a portion of which is allocated to the District for

operating purposes and the additional *ad valorem* property tax levy pledged to repay the Bonds, will be collected on the annual tax bills distributed by the Counties to the owners of parcels within the boundaries of the District.

The District received approximately 44.20% of its total general fund operating revenues from local property taxes in fiscal year 2024-25.

Local property taxation is the responsibility of various officers of the counties. For each school district located in a county, the county assessor computes the value of locally assessed taxable property. Based on the assessed value of property and the scheduled debt service on outstanding bonds in each year, the county auditor-controller computes the rate of tax necessary to pay such debt service and presents the tax rolls (including rates of tax for all taxing jurisdictions in the county) to the county board of supervisors for approval. The county Treasurer-Tax Collector prepares and mails tax bills to taxpayers and collects the taxes according to the approved tax rolls. In addition, the treasurer-tax collector, as *ex officio* treasurer of each school district located in the county, holds and invests school district funds, including taxes collected for payment of school bonds, and is charged with payment of principal and interest on such bonds when due. Taxes on property in a school district whose boundaries extend into more than one county are administered separately by the county in which the property is located. The State Board of Equalization (the “SBE”) also assesses certain special classes of property, as described later in this section.

Method of Property Taxation

Under Proposition 13, an amendment to the California Constitution adopted in 1978 that added Article XIII A of the California Constitution, the county assessor’s valuation of real property is established as shown on the fiscal year 1975-76 tax bill, or, thereafter, as the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. Assessed value of property may be increased annually to reflect inflation at a rate not to exceed 2% per year or reduced to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction or in the event of declining property value caused by substantial damage, destruction, market forces or other factors. As a result of these rules, real property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than that of similar properties more recently sold and may be lower than its own market value. Likewise, changes in ownership of property and reassessment of such property to market value commonly will lead to increases in aggregate assessed value even when the rate of inflation or consumer price index would not permit the full 2% increase on any property that has not changed ownership. See APPENDIX B—DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION.

Taxes are levied by the Counties for each fiscal year on taxable real and personal property which is situated in the respective Counties as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

Local agencies and schools will share the growth of “base” sources from all of tax rate areas in the District. Each year’s growth allocation becomes part of each local agency’s allocation in the following year. The availability of revenue from growth in the tax bases in such tax rate areas may be affected by the existence of redevelopment agencies (including their successor agencies) which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts \$7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is supplemented by the State.

For assessment and tax collection purposes, property is classified either as “secured” or “unsecured,” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property

sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other property is “unsecured,” and is assessed on the “unsecured roll.” Secured property assessed by the SBE is commonly identified for taxation purposes as “utility” property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to any delinquent payment. Property on the secured roll, with respect to which taxes are delinquent, becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the respective county treasurers.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of one and one-half percent per month attaches to such taxes beginning the second month after the delinquent date, and on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the delinquent taxpayer.

Assessed Valuations

The assessed valuation of property in the District is established by the Counties respective Assessors, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution.

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions. The *ad valorem* levy for the Bonds is based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the respective Counties at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and county taxing purposes. The valuation of secured property by the Counties Assessors is established as of January 1 and is subsequently equalized in September of each year.

The greater the assessed value of taxable property in the District, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The following tables show the assessed valuation of taxable property in the District for the ten most recent fiscal years.

**TABLE 1
HISTORIC ASSESSED VALUATIONS
Fiscal Years 2016-17 to 2025-26**

Orange County Portion

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total Valuation</i>	<i>% Change</i>
2016-17	\$27,872,949,320	\$836,490	\$1,196,019,403	\$29,069,805,213	N/A
2017-18	29,486,251,651	836,490	1,158,268,668	30,645,356,809	5.42
2018-19	31,332,719,988	2,708,496	1,293,348,964	32,628,777,448	6.47
2019-20	32,941,425,856	3,253,530	1,363,791,469	34,308,470,855	5.14
2020-21	34,922,025,138	3,253,530	1,258,208,197	36,183,486,865	5.47
2021-22	35,800,651,063	3,253,530	1,374,384,551	37,178,289,144	2.75
2022-23	38,065,428,716	4,192,492	1,500,546,689	39,570,167,897	6.33
2023-24	40,605,068,826	4,194,348	1,657,843,239	42,267,106,413	6.82
2024-25	43,183,538,234	4,194,348	1,978,875,591	45,166,608,173	6.86
2025-26	44,867,044,773	4,194,348	1,849,235,620	46,720,474,741	3.44

Los Angeles County Portion

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total Valuation</i>	<i>% Change</i>
2016-17	\$2,630,721,105	\$16,596	\$12,348,602	\$2,643,086,303	N/A
2017-18	2,761,189,932	16,596	12,081,525	2,773,288,053	4.93
2018-19	2,941,689,690	16,596	11,850,902	2,953,557,188	6.50
2019-20	3,087,350,550	16,596	11,305,840	3,098,672,986	4.91
2020-21	3,206,444,465	22,128	11,320,405	3,217,786,998	3.84
2021-22	3,334,655,573	22,128	11,126,898	3,345,804,599	3.98
2022-23	3,553,585,989	22,128	14,854,357	3,568,462,474	6.65
2023-24	3,728,994,030	22,128	15,501,095	3,744,517,253	4.93
2024-25	3,915,718,000	9,144	15,393,589	3,931,120,733	4.98
2025-26	4,077,272,748	9,144	14,909,771	4,092,191,663	4.10

Total District

<i>Fiscal Year</i>	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total Valuation</i>	<i>% Change</i>
2016-17	\$30,503,670,425	\$853,086	\$1,208,368,005	\$31,712,891,516	N/A
2017-18	32,247,441,583	853,086	1,170,350,193	33,418,644,862	5.38
2018-19	34,274,409,678	2,725,092	1,305,199,866	35,582,334,636	6.47
2019-20	36,028,776,406	3,270,126	1,375,097,309	37,407,143,841	5.13
2020-21	38,128,469,603	3,275,658	1,269,528,602	39,401,273,863	5.33
2021-22	39,135,306,636	3,275,658	1,385,511,449	40,524,093,743	2.85
2022-23	41,619,014,705	4,214,620	1,515,401,046	43,138,630,371	6.45
2023-24	44,334,062,856	4,216,476	1,673,344,334	46,011,623,666	6.66
2024-25	47,099,256,234	4,203,492	1,994,269,180	49,097,728,906	6.71
2025-26	48,944,317,521	4,203,492	1,864,145,391	50,812,666,404	3.49

Source: California Municipal Statistics, Inc.

As indicated above, assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis.

Risk of Decline in Property Values; Fire; Earthquake Risk. Property values could be reduced by factors beyond the District's control, including fire, earthquake and a depressed real estate market due to general economic conditions in the Counties, the region and the State.

Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, fire, drought, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational,

hospital, charitable or religious purposes). Lower assessed values could necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional bonds in the future might also cause the tax rate to increase.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

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

State-Assessed Property. Under the Constitution, the SBE assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county, including school districts, and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the Counties. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect, generally reducing the assessed value in the District as the value is shared among the other jurisdictions in the Counties. The District is unable to predict future transfers of State-assessed property in the District and the Counties, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

The following table shows the current assessed valuation of each jurisdiction within the boundaries of the District:

TABLE 2
ASSESSED VALUATION BY JURISDICTION⁽¹⁾
Fiscal Year 2025-26

<i>Jurisdiction</i>	<i>Assessed Value in District</i>	<i>% of District</i>	<i>Assessed Value of Jurisdiction</i>	<i>% of Jurisdiction In District</i>
<u>Orange County Portion</u>				
City of Anaheim	\$ 135,532,463	0.27%	\$ 67,328,097,331	0.20%
City of Brea	962,048,889	1.89	14,576,326,060	6.60
City of Buena Park	8,758,165,922	17.24	14,849,586,492	58.98
City of Fullerton	26,230,713,814	51.62	28,521,938,673	91.97
City of La Habra	9,663,665,679	19.02	9,663,665,679	100.00
City of La Palma	914,067,211	1.80	2,889,730,522	31.63
Unincorporated Orange County	<u>56,280,763</u>	<u>0.11</u>	42,862,000,408	0.13
Total Orange County	\$46,720,474,741	91.95%		
<u>Los Angeles County Portion</u>				
City of La Habra Heights	\$ 1,764,017,029	3.47%	\$ 1,930,431,641	91.38%
City of La Mirada	8,189,264	0.02	9,915,258,196	0.08
City of Whittier	1,094,405,572	2.15	14,640,199,771	7.48
Unincorporated Los Angeles County	<u>1,225,579,798</u>	<u>2.41</u>	149,571,930,505	0.82
Total Los Angeles County	\$ 4,092,191,663	8.05%		
Total District	\$ 50,812,666,404	100.00%		

⁽¹⁾ Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

The following table gives a distribution of taxable real property located in the District by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

TABLE 3
ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2025-26

	<i>2025-26 Assessed Valuation ⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
<u>Non-Residential:</u>				
Agricultural/Rural	\$ 6,822,882	0.01%	115	0.16%
Commercial	5,753,290,206	11.75	3,301	4.60
Industrial	4,841,255,619	9.89	1,181	1.65
Government/Social/Institutional	105,170,649	0.21	993	1.38
Miscellaneous	<u>25,124,330</u>	<u>0.05</u>	<u>398</u>	<u>0.55</u>
Subtotal Non-Residential	\$10,731,663,686	21.93%	5,988	8.35%
Residential:				
Single Family Residence	\$31,519,666,730	64.40%	54,871	76.47%
Condominium/Townhouse	1,916,191,651	3.92	7,125	9.93
Mobile Home Related	28,791,787	0.06	1,558	2.17
Multi-Family Residential	<u>4,748,003,667</u>	<u>9.70</u>	<u>2,212</u>	<u>3.08</u>
Subtotal Residential	\$38,212,653,835	78.07%	65,766	91.65%
Total	\$48,944,317,521	100.00%	71,754	100.00%

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

The following table shows the assessed valuations of single-family homes for the District, including the average and median assessed value per single family homes.

TABLE 4
ASSESSED VALUATION OF SINGLE-FAMILY HOMES
Fiscal Year 2025-26

	<i>No. of Parcels</i>	<i>2025-26 Assessed Valuation</i>	<i>Average Assessed Valuation</i>	<i>Median Assessed Valuation</i>
Single Family Residential	54,817	\$31,519,666,730	\$574,432	\$520,150

<i>2025-26 Assessed Valuation</i>	<i>No. of Parcels ⁽¹⁾</i>	<i>% of Total</i>	<i>Cumulative % of Total</i>	<i>Total Valuation</i>	<i>% of Total</i>	<i>Cumulative % of Total</i>
\$0 - \$99,999	3,770	6.871%	6.871%	\$ 270,805,438	0.859%	0.859%
\$100,000 - \$199,999	3,984	7.261	14.131	586,097,649	1.859	2.719
\$200,000 - \$299,999	6,109	11.133	25.265	1,551,769,272	4.923	7.642
\$300,000 - \$399,999	6,528	11.897	37.162	2,282,577,049	7.242	14.884
\$400,000 - \$499,999	5,801	10.572	47.734	2,608,263,841	8.275	23.159
\$500,000 - \$599,999	5,466	9.962	57.695	2,999,147,299	9.515	32.674
\$600,000 - \$699,999	5,600	10.206	67.901	3,638,576,990	11.544	44.218
\$700,000 - \$799,999	4,842	8.824	76.725	3,627,198,324	11.508	55.725
\$800,000 - \$899,999	4,061	7.401	84.126	3,447,352,556	10.937	66.662
\$900,000 - \$999,999	2,920	5.322	89.448	2,759,299,353	8.754	75.417
\$1,000,000 - \$1,099,999	1,640	2.989	92.437	1,712,331,119	5.433	80.849
\$1,100,000 - \$1,199,999	1,043	1.901	94.338	1,196,444,651	3.796	84.645
\$1,200,000 - \$1,299,999	859	1.565	95.903	1,074,443,181	3.409	88.054
\$1,300,000 - \$1,399,999	617	1.124	97.028	827,963,772	2.627	90.681
\$1,400,000 - \$1,499,999	442	0.806	97.833	638,494,821	2.026	92.706
\$1,500,000 - \$1,599,999	290	0.529	98.362	448,426,189	1.423	94.129
\$1,600,000 - \$1,699,999	205	0.374	98.735	338,355,323	1.073	95.203
\$1,700,000 - \$1,799,999	141	0.257	98.992	246,021,485	0.781	95.983
\$1,800,000 - \$1,899,999	126	0.230	99.222	232,756,140	0.738	96.722
\$1,900,000 - \$1,999,999	73	0.133	99.355	142,070,024	0.451	97.172
\$2,000,000 and greater	<u>354</u>	<u>0.645</u>	100.000	<u>891,272,254</u>	<u>2.828</u>	100.000
	54,871	100.000%		\$ 31,519,666,730	100.000%	

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

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Bonds is the prior year's secured property tax rate.) Economic and other factors beyond the District's control, such as a general market decline in property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in the principal Tax Rate Area (“TRA”) within the District for the past five fiscal years. TRA 3-003 comprises approximately 18.37% of the total assessed value of property in the District.

TABLE 5
TYPICAL *AD VALOREM* TAX RATES
Tax Rates as a Percent of Assessed Valuation
Total Tax Rates (TRA 3-003 – 2025-26 Assessed Valuation: \$9,335,564,435; 18.37% of District Total AV)

	<i>2021-22</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>
General Tax Rate ⁽¹⁾	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Fullerton School District	0.02213	0.02098	0.01735	0.01771	0.01866
Fullerton High School District	0.02599	0.02589	0.02442	0.02451	0.04511
North Orange Community College	0.02877	0.02778	0.01715	0.01735	0.01806
Metropolitan Water District	<u>0.00350</u>	<u>0.00350</u>	<u>0.00350</u>	<u>0.00700</u>	<u>0.00700</u>
Total	1.08039%	1.07815%	1.06242%	1.06657%	1.08883%

⁽¹⁾ Maximum rate for purposes other than paying debt service in accordance with Article XIII A of the State Constitution.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

Beginning in 1978-79, Article XIII A and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The following table reflects the historical secured tax levy and year-end delinquencies for general obligation bonds of the District with respect to the property located in the District for the most recent fiscal years.

TABLE 6
SECURED TAX CHARGE AND DELINQUENCY
Fiscal Years 2020-21 to 2024-25
(Orange County Portion)

<i>Fiscal Year</i>	<i>Secured Tax Charge ⁽¹⁾</i>	<i>Amount Delinquent June 30</i>	<i>% Delinquent June 30</i>
2020-21	\$57,199,120.12	\$388,061.40	0.68%
2021-22	58,235,397.48	407,921.22	0.70
2022-23	61,740,315.05	467,891.41	0.76
2023-24	64,996,141.63	501,671.15	0.77
2024-25	68,773,550.81	650,315.27	0.95

SECURED TAX CHARGE AND DELINQUENCY
Fiscal Years 2020-21 to 2024-25
(Los Angeles County Portion)

<i>Fiscal Year</i>	<i>Secured Tax Charge ⁽¹⁾</i>	<i>Amount Delinquent June 30</i>	<i>% Delinquent June 30</i>
2020-21	\$10,233,978.15	\$60,388.96	0.59%
2021-22	9,687,362.16	46,746.39	0.48
2022-23	10,329,864.95	74,494.47	0.70
2023-24	10,371,209.60	77,455.54	0.75
2024-25	10,781,836.25	93,957.64	0.87

⁽¹⁾ 1% General Fund apportionment. Excludes supplemental property. Los Angeles County information is not available.
Source: California Municipal Statistics, Inc.

Teeter Plan

Orange County. The Board of Supervisors of Orange County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in section 4701 et seq. of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within Orange County, with Orange County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, Orange County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which Orange County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, Orange County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities.

The Teeter Plan is applicable to secured property tax levies, including for the payment of the Bonds. The Teeter Plan is not applicable to unsecured property tax levies..

Orange County’s cash position is protected by a special fund, known as the “Tax Loss Reserve Fund,” which accumulates moneys from interest and penalty collections. In each fiscal year, the Tax Loss Reserve Fund is required to be funded to the amount of delinquent taxes plus one percent of that year’s tax levy. Amounts exceeding the amount required to be maintained in the tax loss reserve fund may be credited to Orange County’s general fund. Amounts required to be maintained in the tax loss reserve fund may be drawn on to the extent of the amount of uncollected taxes credited to each agency in advance of receipt.

The Teeter Plan is to remain in effect unless the Orange County Board of Supervisors orders its discontinuance or unless, prior to the commencement of the fiscal year of Orange County (which commences on July 1), the Orange County Board of Supervisors receives a petition for its discontinuance joined in by

resolutions adopted by at least two-thirds of the participating revenue districts in Orange County, in which event the Orange County Board of Supervisors is ordered to discontinue the Teeter Plan effective at the commencement of the subsequent fiscal year. The Orange County Board of Supervisors may also, after holding a public hearing on the matter, discontinue the Teeter Plan with respect to any tax levying agency or assessment levying agency in Orange County if the rate of secured tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll in that agency. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which Orange County act as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

The District is not aware of any petitions for the discontinuance of the Teeter Plan in Orange County.

Los Angeles County. The Los Angeles County Board of Supervisors has elected to discontinue the Teeter Plan on July 1, 2009. As the Teeter Plan has been discontinued, the District’s property tax revenues for the portion of the District in Los Angeles County now reflect both reduced property tax revenue from uncollected taxes and increased revenue from the subsequent receipt of delinquent taxes, interest and penalty payments.

Largest Property Owners

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2025-26 which represent approximately 6% of the total fiscal year 2025-26 local secured taxable value.

**TABLE 7
LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2025-26**

	<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2025-26 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1.	GLC Fullerton LLC	Industrial	\$ 304,506,829	0.62%
2.	Prologis USLV NEWCA 7 LLC	Industrial	198,746,295	0.41
3.	The Source at Beach LLC	Commercial	196,231,387	0.40
4.	IMP Valentia LP	Apartments	192,557,306	0.39
5.	Trea Amplifi Apartments LLC	Apartments	177,183,720	0.36
6.	Comref So Ca Industrial Sub A & P LLC	Industrial	174,591,972	0.36
7.	Wilshire Lambert Road Owner LLC	Industrial	162,302,400	0.33
8.	Centerpointe Properties Trust	Commercial	151,506,458	0.31
9.	Aspect Acquisition LLC	Apartments	149,055,656	0.30
10.	FHF I Amerige Pointe LLC	Apartments	133,467,393	0.27
11.	3503 RP Fullerton Metrocenter Land LLC	Commercial	123,257,715	0.25
12.	CVS Pharmacy Inc.	Industrial	118,758,453	0.24
13.	McComber Creek LLC	Apartments	117,349,677	0.24
14.	Uptown Fullerton LLC	Apartments	114,898,017	0.23
15.	La Habra Association	Commercial	111,808,490	0.23
16.	Corecare III	Apartments	104,595,135	0.21
17.	University House Fullerton LLC	Apartments	103,994,756	0.21
18.	Rreef America REIT II Corp.	Industrial	102,715,311	0.21
19.	5600 Beach Blvd BP Owner LLC	Industrial	99,485,455	0.20
20.	Fullerton Luxury Rentals LP	Apartments	<u>90,267,275</u>	<u>0.18</u>
	Total Top 20		\$ 2,927,279,700	5.98%

⁽¹⁾ 2025-26 Local secured assessed valuation: \$48,944,317,521.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Direct and Overlapping Debt. Set forth on the following page is a schedule of direct and overlapping debt prepared by California Municipal Statistics Inc. The table is included for general information purposes only. The District has not reviewed this table for completeness or accuracy and makes no representations in connection therewith.

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

The first column in the table names each public agency which has outstanding debt as of January 1, 2026, and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

TABLE 8
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

2025-26 Assessed Valuation: \$50,812,666,404

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/26</u>
Metropolitan Water District	1.192%	\$ 191,256
North Orange County Joint Community College District	26.799	69,033,555
Fullerton Joint Union High School District	100.	285,670,000 ⁽¹⁾
Buena Park School District	100.	88,732,083
Fullerton School District	100.	53,670,000
La Habra City School District	100.	51,914,293
Lowell Joint School District	100.	79,805,000
Fullerton Joint Union High School District Community Facilities District No. 2005-1	100.	640,000
City of Fullerton Community Facilities District No. 1	100.	8,365,000
City of Fullerton Community Facilities District No. 2	100.	5,840,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 643,701,187
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Orange County General Fund Obligations	5.485%	\$ 23,390,234
Orange County Board of Education Certificates of Participation	5.485	500,232
Los Angeles County General Fund Obligations	0.187	7,036,360
Los Angeles County Superintendent of Schools Certificates of Participation	0.187	3,411
Fullerton Joint Union High School District Certificates of Participation	100.	34,625,000
Fullerton School District Certificates of Participation	100.	1,730,000
City of Anaheim General Fund Obligations	0.201	1,085,499
City of Brea Civic/Cultural Center District	6.600	146,520
City of Buena Park General Fund and Pension Obligation Bonds	58.979	49,453,891
City of Fullerton General Fund and Judgment Obligations	91.967	4,133,917
City of La Habra General Fund Obligations	100.	69,855,000
City of La Mirada General Fund Obligations	0.083	3,162
City of Whittier Pension Obligation Bonds	7.475	8,441,891
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 200,405,117
Less: City supported obligations		2,693,179
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 197,711,938
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$ 36,570,804
GROSS COMBINED TOTAL DEBT		\$ 880,677,108⁽²⁾
NET COMBINED TOTAL DEBT		\$ 877,983,929
<u>Ratios to 2025-26 Assessed Valuation:</u>		
Direct Debt (\$285,670,000)	0.56%	
Total Direct and Overlapping Tax and Assessment Debt	1.27%	
Combined Direct Debt (\$320,295,000)	0.63%	
Gross Combined Total Debt.....	1.73%	
Net Combined Total Debt	1.73%	
<u>Ratios to Redevelopment Successor Agency Incremental Valuation (\$11,022,174,015):</u>		
Total Overlapping Tax Increment Debt.....	0.33%	

⁽¹⁾ Excludes the Bonds to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Bonding Capacity

The District may issue bonds in an amount up to 1.25% of the assessed valuation of taxable property within its boundaries. Based on the fiscal year 2025-26 assessment roll, the District's gross bonding capacity is approximately \$635.15 million, and its net bonding capacity is approximately \$267.49 million (taking into account current outstanding debt, including the Bonds). Refunding bonds may be issued without regard to this limitation; however, once issued, the outstanding principal of any refunding bonds is included when calculating the District's bonding capacity.

Cybersecurity Risks

The District and the Counties may each face various cyber security threats, including, but not limited to, hacking, viruses, malware, ransomware and other attacks on their computers and their networks. No assurance can be given that the District's or Counties' efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the District or the Counties. The District is reliant on the Counties in connection with the administration of the Bonds, including without limitation the Counties' respective tax collectors for the levy and collection of *ad valorem* taxes, and the Paying Agent. No assurance can be given that the District, the Counties, and these other entities will not be adversely affected by cyber threats and attacks in a manner that may affect owners of the Bonds.

Bankruptcy Risks

In bankruptcy, the voluntary application of pledged special revenues to indebtedness secured by such revenues is not subject to the automatic stay. A recent decision by the United States Court of Appeals for the First Circuit in a case involving revenue bonds of the Puerto Rico Highways & Transportation District, however, concludes that an action by bondholders to compel the application of pledged special revenues is not exempt from the automatic stay. See "LEGAL MATTERS" below.

Risk of Changing Economic Conditions; Risk of Earthquake

Property values could be reduced by factors beyond the District's control, including an earthquake, or a depressed real estate market due to general economic conditions in the Counties, the region, and the State. The District, like much of California, is located in a seismically active region.

LEGAL MATTERS

Limitation On Remedies; Bankruptcy

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

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

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

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

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Colusa County Treasury Pool, as described in “THE BONDS” herein and “APPENDIX H — ORANGE COUNTY TREASURY POOL” attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor’s Rights. The proposed forms of the approving opinions of Bond Counsel attached hereto as in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Legality for Investment in California

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

Expanded Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (“TIPRA”). Under Section 6049 of the Internal Revenue Code of 1986, as amended by TIPRA, interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date for this provision is for interest paid after December 31, 2005, regardless of when

the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel for the District. Certain legal matters will also be passed upon for the District by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, as Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the issuance and delivery of the Bonds.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

In the opinion of Bond Counsel, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Bond. The amount of original issue discount that accrues to the Beneficial Owner a Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and is exempt from State of California personal income tax.

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

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

of the Bond to the Beneficial Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

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

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

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

Although Bond Counsel will render an opinion that interest on the Bonds (including any original issue discount) is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the accrual or receipt of interest on the Bonds (including any original issue discount) may otherwise affect the tax liability of the recipient. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, all potential purchasers should consult their tax advisors before purchasing any of the Bonds.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX E—FORMS OF OPINIONS OF BOND COUNSEL.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc., Irvine, California (the “Municipal Advisor”), is an independent financial advisory firm registered as a “Municipal Advisor” with the Securities Exchange Commission and Municipal Securities Rulemaking Board. The Municipal Advisor does not underwrite, trade or distribute municipal or other public securities. The Municipal Advisor has assisted the District in connection with the planning, structuring, sale and issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of or to assume responsibilities for the accuracy, completeness or fairness of the information contained in this Official Statement not provided by the Municipal Advisor. The fees of the Municipal Advisor in respect to the Bonds are contingent upon their sale and delivery.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than March 31 after the end of the District’s fiscal year (the current end of the District’s fiscal year is on June 30), commencing with the report for the 2025-26 fiscal year which would be due on March 31, 2027, and to provide notices of the occurrence of certain events listed in the District’s Continuing Disclosure Certificate, the form of which is in APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES. The Annual Report and notices of listed events will be filed by the District with the Municipal Securities Rulemaking Board (the “MSRB”), by posting on the MSRB’s Electronic Municipal Market Access or “EMMA” system (website: www.emma.msrb.org). These continuing disclosure covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The filing requirement with respect to the initial Annual Report due by March 31, 2026, shall be satisfied by filing the Official Statement on EMMA.

The District has not, within the past five years, failed to file any portion of its required annual reports in a timely manner as required by its prior continuing disclosure obligations.

ABSENCE OF MATERIAL LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished by the District to the Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District of the Counties to levy the *ad valorem* taxes for payment of the Bonds or contesting the District’s ability to issue and retire the Bonds.

RATING

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), have assigned the rating of “AA” to the Bonds. This rating reflects only the views of S&P and explanations of the significance of such rating may be obtained from S&P. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District has covenanted in the Continuing Disclosure Certificate to file on the EMMA website notices of any rating changes on the Bonds. See APPENDIX F—FORMS OF CONTINUING DISCLOSURE CERTIFICATES. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from S&P prior to such information being provided to the District and prior to the date the District is obligated to file a notice of a rating change on EMMA. Purchasers of the Bonds are directed to S&P, its website and official media outlet for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Series B Bonds were sold at a competitive sale on _____, 2026. The Series B Bonds were awarded to _____ (the “Series B Bonds Underwriter”). The Series B Bonds Underwriter has agreed, subject to certain conditions, to purchase all of the Series B Bonds at a price of \$_____ (which amount represents the principal amount of the Series B Bonds, plus a net original issue premium of \$_____, less an underwriter’s discount of \$_____).

The Refunding Bonds were sold at a competitive sale on _____, 2026. The Refunding Bonds were awarded to _____ (the “Refunding Bonds Underwriter,” and together with the Series B Bonds

Underwriter, the “Underwriters”). The Refunding Bonds Underwriter has agreed, subject to certain conditions, to purchase all of the Refunding Bonds at a price of \$ _____ (which amount represents the principal amount of the Refunding Bonds, plus a net original issue premium of \$ _____, less an underwriter’s discount of \$ _____).

The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than said public offering prices. The offering prices may be changed from time to time by the Underwriters.

ADDITIONAL INFORMATION

Quotations from and summaries and explanations of the Bonds, the Resolution, the Continuing Disclosure Certificate of the District and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

EXECUTION

Execution and delivery of this Official Statement have been duly authorized by the District.

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

By _____
Steve McLaughlin Ed.D.,
Superintendent

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APPENDIX A

GENERAL, ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE CITIES OF FULLERTON, BUENA PARK, LA HABRA AND ORANGE COUNTY

While the economics of the Cities of Fullerton, Buena Park, La Habra, and Orange County and surrounding region influence the economics within the District, only property within the District is subject to an unlimited ad valorem tax levy to pay debt service on the Bonds.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The City of Fullerton. The City of Fullerton is located approximately 30 miles southeast of the City of Los Angeles and is the seventh largest city in Orange County. Founded in 1887 and incorporated in 1904, Fullerton operates as a general law city, governed by a five-member City Council elected to serve staggered four-year terms. Fullerton encompasses 22.2 square miles. Fullerton is ideally located for transportation, bounded by 3 major highways and located 15 miles northwest of John Wayne Airport. On an average workday, Fullerton's Transportation Center serves an average of 3,000 commuters on the Metrolink and Amtrak trains.

St. Jude Hospital, Raytheon Systems Company, and Alcoa Fastening Systems are all located in Fullerton. In addition to a diverse manufacturing and industrial base and a stable retail sales base, Fullerton is a major center of higher education in Orange County. California State University, Fullerton and Fullerton Community College are located within Fullerton, as well as three private colleges/universities for a total enrollment of over 55,000 students.

The City of La Habra. The City of La Habra is located in the northwest corner of Orange County, approximately 20 miles east of downtown Los Angeles. La Habra is known as a unique suburban residential community where residents have access to, and participate in, the greater Orange County and Los Angeles County economies. La Habra is largely built out (90 percent developed by the mid-1970's), with the majority of residential housing constructed in the 1950's. A quiet residential community, it is conveniently located within an hour's drive of many beaches, mountain, and desert recreation areas.

La Habra also offers a distinctive and well-rounded program of civic, recreational, social and cultural services to its residents, including 20 parks, a Children's Museum, Community Theater, Tennis Center, and diverse Community Center. Community services include senior citizen programs, recreation classes, youth and adult sports programs, facility rentals, and an active volunteer program.

The City of Buena Park. The City of Buena Park was incorporated on January 27, 1953, as a General Law City. In November 2008, voters adopted a City Charter. The City of Buena Park is located at the northwest edge of Orange County. It occupies a land area of 10.27 square miles and provides a full range of services, including police protection, street and other infrastructure construction and maintenance, and recreational activities.

Buena Park is home to the world-famous Knott's Berry Farm, one of the nation's most popular and largest theme amusement parks. Also located in Buena Park are the Medieval Times Dinner and Tournament, Pirate's Dinner Adventure, and Knott's Soak City. These attractions drive the tourism industry in the City.

In addition to the entertainment-type businesses, Buena Park also offers a complete selection of hotels, restaurants, commercial centers, office complexes, business parks, and the Buena Park Mall. Major nationally recognized employers in the City of Buena Park include Nutrilite, Yamaha, and Georgia Pacific. The City’s Auto Center includes dealers of BMW, Buick/GMC, Chevrolet, Ford, Honda, Mercedes-Benz, Nissan, and Toyota vehicles, as well as a CarMax Auto Superstore.

Orange County. Orange County was incorporated in 1889 and is located in the southern part of the State of California. Orange County is one of the major metropolitan areas in the state and nation. Orange County occupies a land area of 798 square miles with a coastline of 42 miles serving a population of over 3 million. It represents the third most populous county in the State and ranks sixth in the nation.

Population

The table below estimates population of the Cities of Fullerton, La Habra, Buena Park, Orange County and the State of California for 2021 through 2025.

**CITIES OF FULLERTON, LA HABRA, BUENA PARK,
ORANGE COUNTY AND CALIFORNIA
Population**

<i>Year</i>	<i>Fullerton</i>	<i>La Habra</i>	<i>Buena Park</i>	<i>County</i>	<i>California</i>
2021	141,644	62,436	83,952	3,174,592	39,369,530
2022	142,725	61,728	83,135	3,159,797	39,179,680
2023	142,153	61,314	82,884	3,156,200	39,228,444
2024	141,909	61,236	82,772	3,170,070	39,420,663
2025	141,469	61,202	82,667	3,175,427	39,529,101

Source: California Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2025, with 2020 Census Benchmark.

Employment

The following table summarizes historical employment and unemployment for Orange County, the State of California, and the United States for 2020 through 2024:

ORANGE COUNTY, CALIFORNIA, AND UNITED STATES
Civilian Labor Force, Employment, and Unemployment
(Annual Averages)

<i>Year</i>	<i>Area</i>	<i>Labor Force</i>	<i>Employment</i>	<i>Unemployment</i>	<i>Unemployment Rate⁽¹⁾</i>
2020	Orange County	1,563,800	1,424,300	139,500	8.9%
	California	18,958,600	17,037,000	1,921,600	10.1
	United States	160,742,000	147,795,000	12,947,000	8.1
2021	Orange County	1,557,200	1,464,100	93,100	6.0%
	California	18,956,600	17,568,700	1,387,800	7.3
	United States	161,204,000	152,581,000	8,623,000	5.3
2022	Orange County	1,579,300	1,528,500	50,700	3.2%
	California	19,169,300	18,348,900	820,400	4.3
	United States	164,287,000	158,291,000	5,996,000	3.6
2023	Orange County	1,588,900	1,532,400	56,500	3.6%
	California	19,308,300	18,388,300	920,000	4.8
	United States	167,116,000	161,037,000	6,080,000	3.6
2024	Orange County	1,623,300	1,559,600	63,600	3.9%
	California	19,644,100	18,600,900	1,043,100	5.3%
	United States	168,106,000	161,346,000	6,761,000	4.0

Note: Data not seasonally adjusted.

⁽¹⁾ The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures available in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics; California Employment Development Department. March 2024 Benchmark.

Principal Employers

The following table lists the top 10 principal employers in the County as of June 30, 2025.

ORANGE COUNTY
Top 10 Employers

<i>Rank</i>	<i>Employer</i>	<i>Number of Employees</i>	<i>% of Total</i>
1.	The Walt Disney Co.	36,000	2.19%
2.	University of California, Irvine	34,085	2.07
3.	Providence Southern California	25,155	1.53
4.	County of Orange	18,811	1.14
5.	Kaiser Permanente	10,293	0.63
6.	Hoag Memorial Hospital Presbyterian	8,081	0.49
7.	Allied Universal	7,214	0.44
8.	Albertsons	7,152	0.43
9.	MemorialCare	6,326	0.38
10.	CHOC Hospital	5,555	0.34

Source: County of Orange, State of California, Annual Comprehensive Financial Report for the Year Ended June 30, 2025.

Construction Activity

The following table reflects the five-year history of building permit valuation for the Cities of Fullerton, La Habra, Buena Park, and Orange County:

**CITY OF FULLERTON
Building Permits and Valuation
(Dollars in Thousands)**

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 15,503	\$ 10,911	\$ 13,502	\$126,556	\$ 0
Non-Residential	<u>33,393</u>	<u>7,048</u>	<u>42,529</u>	<u>43,370</u>	<u>0</u>
Total	\$ 48,896	\$ 17,959	\$ 56,031	\$169,926	\$
Units					
Single Family	19	6	15	44	0
Multi Family	<u>25</u>	<u>36</u>	<u>0</u>	<u>695</u>	<u>0</u>
Total	44	42	15	739	0

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

**CITY OF LA HABRA
Building Permits and Valuation
(Dollars in Thousands)**

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 10,354	\$ 19,972	\$ 23,918	\$ 26,707	\$ 22,225
Non-Residential	<u>14,945</u>	<u>3,287</u>	<u>7,713</u>	<u>8,022</u>	<u>13,841</u>
Total	\$ 25,299	\$ 23,259	\$ 31,631	\$ 34,729	\$ 36,066
Units					
Single Family	20	73	6	18	0
Multi Family	<u>0</u>	<u>0</u>	<u>10</u>	<u>129</u>	<u>128</u>
Total	20	73	16	147	128

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

CITY OF BUENA PARK
Building Permits and Valuation
(Dollars in Thousands)

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 22,233	\$ 65,779	\$ 26,158	\$ 30,197	\$ 32,051
Non-Residential	<u>14,640</u>	<u>14,658</u>	<u>13,841</u>	<u>32,250</u>	<u>11,462</u>
Total	\$ 36,873	\$ 80,437	\$ 39,999	\$ 62,447	\$ 43,513
Units					
Single Family	75	87	19	23	1
Multi Family	<u>0</u>	<u>114</u>	<u>53</u>	<u>74</u>	<u>128</u>
Total	75	201	72	97	129

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

ORANGE COUNTY
Building Permits and Valuation
(Dollars in Thousands)

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Valuation					
Residential	\$ 1,870,958	\$ 2,393,961	\$ 2,214,772	\$ 2,573,625	\$ 2,216,030
Non-Residential	<u>1,984,321</u>	<u>1,825,076</u>	<u>1,928,312</u>	<u>1,994,878</u>	<u>1,841,282</u>
Total	\$ 3,85,279	\$ 4,29,037	\$ 4,143,084	\$ 4,568,503	\$ 4,057,312
Units					
Single Family	2,863	3,292	2,929	2,688	1,434
Multi Family	<u>3,032</u>	<u>4,382</u>	<u>3,405</u>	<u>9,725</u>	<u>4,830</u>
Total	5,895	7,674	6,334	12,413	6,264

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

Personal Income

The following table summarizes per capita personal income for the County, the State and the United States for the past 10 years from which statistics are currently available.

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

<i>Year</i>	<i>Orange County</i>	<i>State of California</i>	<i>United States</i>
2015	\$59,242	\$53,817	\$48,060
2016	61,188	55,863	48,971
2017	63,513	58,214	51,004
2018	66,058	60,984	53,309
2019	69,619	64,219	55,566
2020	75,074	70,098	59,123
2021	81,505	76,882	64,460
2022	84,109	76,941	66,244
2023	88,897	81,255	69,810
2024	94,034	86,232	73,204

Source: U.S. Bureau of Economic Analysis.

APPENDIX B

DISTRICT AND GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

The information in this appendix concerning the operations of the District, the District's finances, and State funding of education, is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District or from State revenues. The Bonds are payable solely from the proceeds of an ad valorem tax approved by the voters of the District pursuant to all applicable laws and State Constitutional requirements and required to be levied by the County on property within the District in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the Official Statement.

Allocation of State Funding to School Districts; Restructuring of the K-12 Funding System

Most California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the Legislature to school districts. Commencing with the fiscal year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education. In fiscal year 2013-14, State legislation replaced the majority of revenue limit and categorical funding formulas with a new set of funding formulas. The new formula for school funding is known as the "Local Control Funding Formula" (the "Local Control Funding Formula" or "LCFF"). The State budget provided funding in fiscal year 2013-14 to begin implementing the new formulas. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The new system provides a base rate per student multiplied by the school district's average daily attendance ("ADA") for each of several grade levels. The base rates are augmented by several funding supplements such as for (1) students needing additional services, defined as English learners, students from lower income families, and foster youth; and (2) school districts with high concentrations of English learners and lower income families. The new funding system requires school districts to develop local control and accountability plans describing how the school district intends to educate its students and achieve annual education goals to be achieved in state-mandated areas of priority.

Under the prior system, California Education Code Section 42238 and following, each school district was determined to have a target funding level: a "base revenue limit" per student multiplied by the school district's ADA. The base revenue limit was calculated from the school district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district was the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This was referred to as State "equalization aid." To the extent local tax revenues increased due to growth in local property assessed valuation, the additional revenue was offset by a decline in the State's contribution. A school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives only its special categorical aid, which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts were known as "basic aid districts," which are now referred to as "community funded districts." School districts that received some equalization aid were commonly referred to as "revenue limit districts," which are now referred to as "LCFF districts." The District is a LCFF district.

The Local Control Funding Formula is also based on ADA. ADA can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in ADA will cause a school district to lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs.

Average Daily Attendance

In the past, annual State apportionments of basic and equalization aid to school districts were computed based on a revenue limit per unit of ADA. Prior to fiscal year 1998-99, daily attendance numbers included students who were absent from school for an excused absence, such as illness. Effective in fiscal year 1998-99, only actual attendance is counted in the calculation of ADA. This change was essentially fiscally neutral for school districts which maintain the same excused absence rate. The rate per student was recalculated to provide the same total funding to school districts in the base year as would have been received under the old system. After fiscal year 1998-99, school districts which improved their actual attendance rate received additional funding.

As indicated above, commencing with the fiscal year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. The following table shows the District's enrollment, ADA and LCFF Revenues for the most recent fiscal years.

**TABLE B1
AVERAGE DAILY ATTENDANCE,
LCFF AND ENROLLMENT
Fiscal Years 2014-15 to 2024-25**

<i>Fiscal Year</i>	<i>Average Daily Attendance⁽¹⁾</i>	<i>LCFF Revenues⁽²⁾</i>	<i>Enrollment⁽³⁾</i>
2014-15	13,849	\$114,920,185	14,396
2015-16	13,637	125,844,569	14,235
2016-17	13,425	129,504,568	13,983
2017-18	13,265	130,240,413	13,901
2018-19	13,080	137,293,483	13,695
2019-20	13,003	140,446,371	13,630
2020-21	13,003	138,994,775	13,473
2021-22	12,814	147,308,471	13,431
2022-23	12,354	166,460,185	13,173
2023-24	12,124	183,297,054	12,826
2024-25	11,945	182,124,413	12,631
2025-26 ⁽⁴⁾	11,771	182,920,827	12,392

(1) Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

(2) Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in Fiscal Year 2008-09 and discontinued following the implementation of the LCFF.

(3) Enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.

(4) As projected in the District's 2025-26 First Interim Report, adopted March 11, 2026.x

Source: Fullerton Joint Union High School District

Effect of Changes in ADA. Changes in local property tax income and student enrollment (or ADA) affect community funded districts and revenue limit districts, now known as "LCFF districts," differently. In a LCFF district, such as the District, increasing enrollment increases the amount allocated under LCFF and thus generally increases a district's entitlement to State aid, while increases in property taxes do nothing to increase district revenues, but only offset the State aid funding requirement. Operating costs typically increase disproportionately slower than enrollment growth until the point where additional teachers and classroom

facilities are needed. Declining enrollment has the reverse effect on LCFF districts, generally resulting in a loss of State aid, while operating costs typically decrease slowly until the district decides to lay off teachers, close schools, or initiate other cost-saving measures.

In community funded districts, the opposite is generally true: increasing enrollment does increase the amount allocated under LCFF, but since all LCFF income (and more) is already generated by local property taxes, there is typically no increase in State income. New students impose increased operating costs, but typically at a slower pace than enrollment growth, and the effect on the financial condition of a community funded district would depend on whether property tax growth keeps pace with enrollment growth. Declining enrollment typically does not reduce property tax income, and has a negligible impact on State aid, but eventually reduces operating costs, and thus can be financially beneficial to a community funded district.

For LCFF districts, such as the District, any loss of local property taxes is made up by an increase in State aid. For community funded districts, the loss of tax revenues is not reimbursed by the State.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in and out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

The District cannot make any predictions regarding how the current economic environment or changes thereto will affect the State's ability to meet the revenue and spending assumptions in the State's adopted budget, and the effect of these changes on school finance. The District's 2nd Interim Report and projected ADA are used for planning purposes only, and do not represent a prediction as to the actual financial performance, attendance, or the District's actual funding level for fiscal year 2019-20 or beyond. Certain adjustments will have to be made throughout the year based on actual State funding and actual attendance.

Impact of Coronavirus on Attendance. As described herein, the short-term and long-term impact of the Coronavirus on the District's attendance, revenues and local property values, and the impacts of Federal and State legislation resulting from the Coronavirus emergency, cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS — The Coronavirus Global Pandemic."

District Budget and County Review

Budgeting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Orange County Superintendent of Schools.

The county superintendent must review and approve, conditionally approve or disapprove the budget no later than September 15. The county superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. In the event that the county superintendent conditionally approves or disapproves the school district's budget, the county superintendent will submit to the governing board of the school district no later than September 15 of such year written recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can approve that budget.

The governing board of the school district, together with the county superintendent, must review and respond to the recommendations of the county superintendent on or before October 8 at a regular meeting of the governing board of the school district. The county superintendent will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent disapproves a revised budget, the county superintendent will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the State Superintendent may impose a budget and will report such school district to the State Legislature and the Department of Finance.

Subsequent to approval, the county superintendent will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations.

If at any time during the fiscal year the county superintendent determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification (as describe below), the county superintendent will notify the governing board of the school district and the State Superintendent of that determination and report to the State Superintendent the financial condition of the school district. The county superintendent will also report proposed remedial actions and take at least one of the following and all actions that are necessary to ensure that the school district meets its financial obligations: (a) assign a fiscal expert, (b) conduct a study of the financial and budgetary conditions of the school district that includes, but is not limited to, a review of internal controls, (c) direct the school district to submit a financial projection of all fund and cash balances of the school district as of June 30 of the current year and subsequent fiscal years, (d) require the school district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables, (e) direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations, (f) withhold compensation of the members of the governing board of the school district and the school district superintendent for failure to provide requested financial information, and (g) assign the County Office of Education and Fiscal Crisis and Management Assistance Team to review and provide recommendations related to teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignment in the school district.

If, after taking various remedial actions, the county superintendent determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent will notify the school district's governing board, the State Superintendent and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the State Superintendent and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year, and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent will also make a report to the State Superintendent and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent. However, the county superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent assumed District.

Interim Reporting. A State law adopted in 1991 (known as "A.B. 1200") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 et seq.), each school district is required to file two interim certifications with the county superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations

for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, will not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30.

Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent determines that the school district's repayment of indebtedness is probable. The District has received positive certifications on its interim financial reports for fiscal years 2024-25 and 2025-26.

Emergency Appropriation from the State. For school districts under fiscal distress, the county superintendent is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent, request an emergency appropriation from the State, in which case the county superintendent, the State Superintendent and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the State Superintendent will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to section 41010 of the California Education Code, is to be followed by all California school districts.

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

Financial Statements

The District's general fund finances the basic operating activities of the District. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30, 2025, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 1051 West Bastanchury Road, Fullerton, CA 92833, telephone number (714) 870-2800. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. For further information, see also APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025.

The following table shows the District's audited revenues, expenditures and changes in fund balances for the past four fiscal years and projections for 2025-26.

TABLE B2
GENERAL FUND REVENUES, EXPENDITURES
AND FUND BALANCES
Audited Fiscal Years 2021-22 to 2024-25 and Projected Fiscal Year 2025-26

	<i>2021-22</i> <i>Audited</i>	<i>2022-23</i> <i>Audited</i>	<i>2023-24</i> <i>Audited</i>	<i>2024-25</i> <i>Audited</i>	<i>2025-26</i> <i>Projected⁽¹⁾</i>
REVENUES					
Local Control Funding Formula (LCFF)					
State Apportionments	\$ 63,452,505	\$ 76,082,688	\$ 87,012,823	\$ 79,523,691	\$ 75,192,405
Local Sources	<u>83,870,429</u>	<u>90,557,741</u>	<u>96,171,594</u>	<u>103,570,312</u>	<u>107,728,422</u>
Total LCFF Sources	\$147,322,934	\$166,640,429	\$183,184,417	\$183,094,003	\$182,920,827
Federal Sources	\$ 14,176,118	\$ 13,013,190	\$ 16,919,348	\$ 7,603,887	\$ 6,928,120
Other State Sources	23,686,484	34,535,756	26,935,916	19,718,117	27,264,514
Other Local Sources	<u>14,511,988</u>	<u>16,262,429</u>	<u>22,331,817</u>	<u>24,516,240</u>	<u>23,291,597</u>
Total Revenue	\$199,697,524	\$230,451,804	\$249,371,498	\$234,932,247	\$240,405,058
EXPENDITURES					
Certificated Salaries	\$ 78,210,351	\$ 81,130,266	\$ 90,493,587	\$ 91,724,387	\$ 92,157,705
Classified Salaries	24,350,563	25,421,270	28,693,297	29,848,546	30,284,638
Employee Benefits	52,050,755	54,284,881	58,577,406	61,400,116	66,349,247
Books and Supplies	11,666,074	10,776,594	13,784,899	11,835,925	16,274,053
Services and Other Operating Exp.	22,828,931	26,882,769	26,012,708	32,338,106	33,368,902
Capital Outlay	4,160,518	4,715,989	11,238,485	6,048,850	2,777,696
Other Outgo and Indirect Costs	5,074,091	5,623,071	5,638,749	6,428,862	6,359,126
Debt Service	-	-	-	-	-
Total Expenditures	\$198,341,283	\$208,834,840	\$234,439,131	\$239,624,792	\$247,571,367
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,356,241	\$ 21,616,964	\$ 14,932,367	\$ (4,692,545)	\$ (7,166,309)
Other Funding Sources					
Interfund Transfer In	-	-	390,320	-	-
Interfund Transfer out	\$ (650,000)	\$ (650,000)	\$ (2,650,000)	\$ (650,000)	\$ (3,250,000)
Total Other	\$ (650,000)	\$ (650,000)	\$ (2,259,680)	\$ (650,000)	\$ (3,250,000)
Net Change in Fund Balances	706,241	20,966,964	12,672,687	(5,342,545)	(10,416,309)
Fund Balance - Beginning of Year	\$ 70,521,910	\$ 71,228,151	\$ 92,195,115	\$104,867,802	\$ 88,446,090
Fund Balance - End of Year	\$ 71,228,151	\$ 92,195,115	\$104,867,802	\$ 99,525,257	\$ 78,029,781

⁽¹⁾ From the District's 2025-26 Second Interim Report, adopted March 11, 2026.

Source: Fullerton Joint Union High School District 2016-19 audited financial statements for fiscal years 2021-22 through 2024-25 and 2025-26 2nd Interim Report.

Summary of District Revenues and Expenditures

The District's audited financial statements for the year ending June 30, 2025, are reproduced in APPENDIX C—AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025. The final (unaudited) statement of receipts and expenditures for each fiscal year ending June 30 is required by State law to be approved by the District Board by September 15, and the audit report must be filed with the County Superintendent of Schools and State officials by December 15 of each year.

The District is required by State law and regulation to maintain various reserves. The District is generally required to maintain a reserve for economic uncertainties in the amount of 3% of its total general fund expenditures, based on total student attendance below 30,000. For fiscal year 2025-26, the District has budgeted a reserve for economic uncertainties of 3%, or approximately \$7,530,000 as of the Second Interim Report. Substantially all funds of the District are required by law to be deposited with and invested by the Orange County treasury on behalf of the District, pursuant to law and the investment policy of the County. See "INVESTMENT OF DISTRICT FUNDS" in the front portion of this Official Statement.

Local Control Funding Formula. The State Constitution requires that from all State revenues there will be funds set aside to be allocated by the State for support of the public school system and public institutions of higher education. As discussed below, school districts in the State receive a significant portion of their funding from these State allocations. The general operating income of school districts in California is comprised of two major components: (i) a State portion funded from the State’s general fund, and (ii) a local portion derived from the school district’s share of the 1% local *ad valorem* tax authorized by the State Constitution. School districts may also be eligible for special categorical and grant funding from State and federal government programs.

As part of the State Budget for fiscal year 2013-14 (the “2013-14 State Budget”), State Assembly Bill 97 (Stats. 2013, Chapter 47) (“AB 97”) was enacted to establish a new system for funding State school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula or LCFF. This formula replaced the 40-year revenue limit funding system for determining State apportionments and the majority of categorical programs. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013 Chapter 49). The LCFF consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district’s student demographic. Each school district and charter school receives a base grant per its ADA used to support the basic costs of instruction and operations. The implementation of the LCFF began in fiscal year 2013-14 and was fully implemented during fiscal year 2018-19.

The LCFF includes the following components:

- An average base grant for each local education agency per unit of ADA as detailed in the CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION LOCAL CONTROL TARGET FUNDING FORMULA 2019-20 summary table herein.
- A 20% supplemental grant for students classified as English learners (“EL”), those eligible to receive a free or reduced-price meal (“FRPM”) and foster youth, to reflect increased costs associated with educating those students. These supplemental grants are only attributed to each eligible student once, and the total student population eligible for the additional funding is known as an “unduplicated count.”
- An additional concentration grant equal to 50% of a local education agency’s base grant, based on the number of unduplicated EL, FRPM and foster youth served by the local agency that comprise more than 55% of the school district’s or charter school’s total enrollment.

The following table shows a breakdown of the District’s ADA by grade span, total enrollment, and the percentage of unduplicated student enrollment, for fiscal years 2013-14 through 2024-25.

TABLE B3
ADA, ENROLLMENT AND UNDUPLICATED ENROLLMENT PERCENTAGE
Fiscal Years 2013-14 through 2025-26

<i>Fiscal Year</i>	<i>Average Daily Attendance</i>				<i>Total District ADA</i>	<i>Total District Enrollment⁽²⁾</i>	<i>% of EL/LI Enrollment⁽³⁾</i>
	<i>K-3</i>	<i>4-6</i>	<i>7-8</i>	<i>9-12</i>			
2013-14	—	—	—	13,907	13,907	14,501	47.12%
2014-15	—	—	—	13,849	13,849	14,396	48.50
2015-16	—	—	—	13,637	13,637	14,235	48.67
2016-17	—	—	—	13,425	13,425	13,983	45.41
2017-18	—	—	—	13,265	13,265	13,901	51.33
2018-19	—	—	—	13,080	13,080	13,695	49.29
2019-20	—	—	—	13,003	13,003	13,630	51.42
2020-21	—	—	—	13,003	13,003	13,473	49.03
2021-22	—	—	—	12,814	12,814	13,431	51.72
2022-23	—	—	—	12,354	12,354	13,173	54.72
2023-24	—	—	—	12,124	12,124	12,826	59.72
2024-25	—	—	—	11,945	11,945	12,631	60.66
2025-26 ⁽⁴⁾	—	—	—	11,772	11,772	12,392	61.04

(1) Reflects P-2 ADA.

(2) Reflects CBEDS enrollment.

(3) For purposes of calculating Supplemental and Concentration Grants, a school district's fiscal year 2013-14 percentage of unduplicated EL/LI students was expressed solely as a percentage of its total fiscal year 2013-14 total enrollment. For fiscal year 2014-15, the percentage of unduplicated EL/LI enrollment was based on the two-year average of EL/LI enrollment in fiscal years 2013-14 and 2014-15. Beginning in fiscal year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

(4) As projected in the District's 2025-26 Second Interim Report, adopted March 11, 2026.

Source: Fullerton Joint Union High School District.

Of the more than \$25 billion in funding to be invested through the LCFF through full implementation of the LCFF, the vast majority of new funding is provided for base grants. Specifically, of every dollar invested through the LCFF, 84 cents will go to base grants, 10 cents will go to supplemental grants, and 6 cents will go to concentration grants. Under the 2013-14 State Budget, the target average base grant was \$7,643, which was an increase of \$2,375 from the prior year's average revenue limit. Base grants are adjusted for cost-of-living increases by applying the implicit price deflator for government goods and services. As the LCFF has been fully implemented, the provision of COLAs will be subject to appropriation for such adjustment in the annual State budget on an ongoing basis. The differences among base grants are linked to differentials in Statewide average revenue limit rates by district type and are intended to recognize the generally higher costs of education at higher grade levels. For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding and restoration of categorical funding to pre-recession levels. The sum of a school district's adjusted base, supplemental and concentration grants will be multiplied by such district's Second Principal Apportionment (P-2) ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). This funding amount, together with categorical block grant add-ons, will yield a school district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and the individual school district's share of applicable local property taxes allocations. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues in a particular year may significantly affect appropriations made by the State Legislature to school districts.

The legislation includes a “hold harmless” provision which provides that a school district or charter school will maintain total revenue limit and categorical funding at its fiscal year 2012-13 level, unadjusted for changes in ADA, or cost of living adjustments.

A summary of the target LCFF funding amounts for California school districts and charter schools based on grade levels and targeted students classified as English learners, those eligible to receive a free or reduced price meal, foster youth, or any combination of these factors (“unduplicated” count) is shown below:

**CALIFORNIA SCHOOL DISTRICTS AND CHARTER SCHOOLS
GRADE SPAN FUNDING AT FULL LCFF IMPLEMENTATION
LOCAL CONTROL TARGET FUNDING FORMULA
2025-26**

<i>Grade Span</i>	<i>A</i> <i>2024-25 Base Grant per ADA</i>	<i>B</i> <i>2025-26 COLA (A*2.30%)</i>	<i>C</i> <i>2025-26 Base Grant per ADA before Grade Span Adjustments (A+B)</i>	<i>D</i> <i>Grade Span Adjustments (TK-3: C*10.4% 9-12: C*2.6%)</i>	<i>E</i> <i>2025-26 Base Grant/Adjusted Base Grant per ADA (C+D)</i>
K-3	\$ 10,025	\$231	\$10,256	1,067	\$11,323
4-6	10,177	234	10,411	N/A	10,411
7-8	10,478	241	10,719	N/A	10,719
9-12	12,144	279	12,423	323	12,746

Source: California Department of Education.

Since July 1, 2015, school districts have been required to develop a three-year Local Control and Accountability Plan (each, a “LCAP”). County Superintendents of Schools and the State Superintendent review and provide support to school districts and county offices of education under their jurisdictions. In addition, the 2013-14 State budget created the California Collaborative for Education Excellence (the “Collaborative”) to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. The State Superintendent may direct the Collaborative to provide additional assistance to any district, county office, or charter school. For those entities that continue to struggle in meeting their goals, and when the Collaborative indicates that additional intervention is needed, the State Superintendent has District to make changes to school district or county office’s local plan. For charter schools, the charter authorizer will be required to consider revocation of a charter if the Collaborative finds that the inadequate performance is so persistent and acute as to warrant revocation. The State will continue to measure student achievement through statewide assessments, maintain a dashboard system for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Federal Sources. The federal government provides funding for several District programs, including the Every Student Succeeds Act, special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Education for Economic Security, and the free and reduced lunch program.

Other State Sources. In addition to LCFF revenues, the District receives substantial other State revenues. As described above, the LCFF replaced most of the State categorical program funding that existed prior to fiscal year 2013-14. Categorical funding for certain programs was excluded from the LCFF, and school districts continue to receive restricted State revenues to fund these programs. These other State revenues are primarily restricted revenue funding items such as the Special Education Master Plan, Economic Impact Aid, and Tier 3 Funding.

Other State revenues include the California State Lottery (the “Lottery”), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research.

Other Local Sources. In addition to property taxes, the District receives additional local revenues from items such as leases and rentals, interest earnings, transportation fees, interagency services, and other local sources.

Effect of State Budget on Revenues

Most public school districts in California, including the District, are dependent on revenues from the State for a large portion of their operating budgets, because the primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes as previously described herein (see “—Education Funding Generally” above). School districts which are Community Funded however are an exception to this and derive most of their revenues from local property taxes.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS”), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding generally. See “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS.”

Possible Impacts of Coronavirus. As described herein, the short-term and long-term impact of the Coronavirus on the District’s attendance, revenues, local property values and levels of future state funding cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District’s general fund. See “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS” in the main section of the Official Statement.

District Expenditures

The largest part of each school district’s general fund budget is used to pay salaries and benefits of certificated (credentialed teaching) and classified (non-instructional) employees. Changes in salary and benefit expenditures from year to year are generally based on changes in staffing levels, negotiated salary increases, and the overall cost of employee benefits.

Labor Relations. Currently the District employs 625 full-time equivalent (FTE) certificated employees and 380.41 FTE classified. There are two formal bargaining organizations operating in the District as detailed in the table below.

**TABLE B4
LABOR ORGANIZATIONS
Fullerton Joint Union High School District**

<i>Labor Organization</i>	<i>Members</i>	<i>Contract Expiration</i>
Fullerton Secondary Teachers Organization	561	6/30/2028
California Schools Employees Association	361	6/30/2028

Source: Fullerton Joint Union High School District.

District Retirement Programs

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

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

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

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

MEMBER CONTRIBUTION RATES STRS (Defined Benefit Program)

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

Source: AB 1469.

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

rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2024, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members.

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

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

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

Source: AB 1469.

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

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate was 19.1% in fiscal year 2022-23, 19.1% in fiscal year 2023-24, 19.1% in fiscal year 2024-25 and is 19.1% for fiscal year 2025-26.

The District’s contributions to STRS for the past five fiscal years and budgeted contribution for Fiscal Year 2025-26 follow:

<i>Fiscal Year</i>	<i>Amount of Contribution</i>
2020-21	\$11,912,650
2021-22	12,821,580
2022-23	15,342,985
2023-24	16,757,870
2024-25	16,978,197
2025-26 ⁽¹⁾	16,953,195

⁽¹⁾ Budgeted.

Source: Fullerton Joint Union High School District.

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

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

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

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated \$904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 (“AB 84”). Under AB 84, \$144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State’s required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, \$430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and \$330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB

90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. The employer contribution rate was 25.37% in fiscal year 2022-23, 26.68% in fiscal year 2023-24, and is 27.05% in fiscal year 2024-25 and 27.05% for fiscal year 2025-26. Classic Members contribute at a rate established by statute, which is 7% in fiscal year 2023-24, 7% in fiscal year 2024-25, and 7% for fiscal year 2025-26, while PEPRA Members contribute at an actuarially determined rate, which was 8% in fiscal year 2023-24. For the Schools Pool Actuarial Valuation as of June 30, 2023 (the “2023 PERS Actuarial Valuation”), the total normal cost did not change by more than 1% relative to the basis currently in effect, therefore the PEPRA Member contribution rate remains 8% in fiscal year 2024-25. See “— California Public Employees’ Pension Reform Act of 2013” herein.

The District’s contributions to PERS for the past five fiscal years and budgeted contribution for Fiscal Year 2025-26 follow:

<i>Fiscal Year</i>	<i>Amount of Contribution</i>
2020-21	\$4,355,186
2021-22	5,007,751
2022-23	5,931,775
2023-24	6,765,034
2024-25	7,090,954
2025-26 ⁽¹⁾	7,860,886

⁽¹⁾ Budgeted.

Source: Fullerton Joint Union High School District.

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

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

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)⁽¹⁾
Fiscal Years 2019-20 through 2023-24

STRS

<i>Fiscal Year</i>	<i>Actuarial Accrued Liability</i>	<i>Value of Trust Assets (MVA)⁽²⁾</i>	<i>Unfunded Liability (MVA)⁽³⁾</i>	<i>Value of Trust Assets (AVA)⁽⁴⁾</i>	<i>Unfunded Liability (AVA)⁽⁴⁾⁽⁵⁾</i>
2019-20	\$322,127	\$233,253	\$107,999	\$216,252	\$105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552
2022-23	359,741	299,148	85,571	273,155	86,586
2023-24	380,507	321,910	85,532	291,838	88,669

PERS

<i>Fiscal Year</i>	<i>Actuarial Accrued Liability</i>	<i>Value of Trust Assets (MVA)</i>	<i>Unfunded Liability (MVA)</i>	<i>Value of Trust Assets (AVA)</i>	<i>Unfunded Liability (AVA)</i>
2019-20 ⁽⁷⁾	\$104,062	\$71,400	\$32,662	-- ⁽⁶⁾	-- ⁽⁶⁾
2020-21	110,507	86,519	23,988	-- ⁽⁶⁾	-- ⁽⁶⁾
2021-22	116,982	79,386	37,596	-- ⁽⁶⁾	-- ⁽⁶⁾
2022-23	124,924	84,292	40,632	-- ⁽⁶⁾	-- ⁽⁶⁾
2023-24	133,978	93,187	40,791	-- ⁽⁶⁾	-- ⁽⁶⁾

(1) Amounts may not sum to totals due to rounding.

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

(3) Unfunded Liability (MVA) is equal to the Actuarial Accrued Liability column minus the Value of Trust Assets (MVA) column minus the amount deposited in the SBMA reserve.

(4) Based on actuarial value of assets.

(5) Unfunded Liability (AVA) is equal to the Actuarial Accrued Liability column minus the Value of Trust Assets (AVA) column.

(6) Effective with the June 30, 2014 valuation, PERS no longer uses an actuarial valuation of assets.

(7) For the fiscal year 2021-22 actuarially required contribution, the impact of the additional \$330 million State contribution made pursuant to Assembly Bill 84/Senate Bill 111 ("AB 84") was directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

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

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

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2024 (the "2024 STRS Actuarial Valuation") reports that, based on an actuarial value of assets, the unfunded actuarial obligation increased by approximately \$2.1 billion since the 2023 STRS Actuarial Valuation and the funded ratio increased by 0.8% to

76.7% over such time period. This increase in unfunded actuarial obligation was primarily due to salary increases that exceeded those assumed in the valuation, which resulted in a larger-than expected increase in the actuarial obligation. The funded ratio continued to increase primarily due to the required contributions made by employers and the State in fiscal year 2023-24 to eliminate their share of the unfunded actuarial obligation by 2046. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the “Unallocated UAO”). There was a decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from \$356 million as of June 30, 2023 to \$140 million as of June 30, 2024.

According to the 2024 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2043 of 100.7%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On November 13, 2025, STRS released its 2025 Review of Funding Levels and Risks (the “STRS 2025 Review of Funding Levels and Risks”), which is based on the 2024 STRS Actuarial Valuation. The STRS 2025 Review of Funding Levels and Risks notes that funding projections have improved slightly since the completion of the June 30, 2023 actuarial valuation that was presented to the STRS Board in May 2025 in part due to the investment return earned by STRS in fiscal year 2024-25. Full funding is now projected to occur in 2043, three years ahead of schedule.

The key results and findings noted in the STRS 2024 Review of Funding Levels and Risks were that (i) current contribution rates for the State and employers are still projected to be sufficient to allow both the state and employers to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2026–27, (ii) the state remains well ahead of schedule to eliminate its share of the STRS unfunded actuarial obligation (currently projected to be eliminated in 2027) and the State’s share of the unfunded actuarial obligation could quickly increase if STRS were to experience a year in which the investment return is significantly below the assumed rate of return, (iii) the largest risk facing STRS’ ability to reach full funding remains investment-related risk, especially considering the STRS Defined Benefit Program continues to mature, which will increase the system’s sensitivity to investment experience, (iv) the risk that a negative investment return might impact STRS’ ability to reach full funding is expected to increase once the state fully eliminates its share of STRS’ unfunded actuarial obligation because of a trigger that will require the state contribution rate to immediately drop to 2.017%, potentially limiting STRS’ ability to react to changing conditions because, once this occurs, the STRS Board would only be able to raise the State contribution rate by 0.5% each year, taking 12 years to simply return to the State contribution rate in place in the prior fiscal year, potentially resulting in a situation where the State can no longer eliminate its share of the unfunded liability by 2046, and (v) STRS’ ability to reach full funding is dependent on meeting its current actuarial assumptions over the long term and uncertain investment markets and a potential decline in the number of teachers could put pressure on STRS’ ability to meet some of its long-term actuarial assumptions and impact its ability to reach full funding.

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

anticipates future improvements in life expectancy in the funding of the system, recognizing potential improvements in mortality ahead of time. In January 2024, the STRS Board adopted a change to the rate at which the payroll is assumed to increase, from 3.5% per year down to 3.25% per year. With this change, STRS now assumes that the population of active teachers will decline slowly over time. This assumption is key in determining contribution rates and whether the funding plan will successfully eliminate the current unfunded actuarial obligation by 2046 since STRS collects contributions as a percentage of payroll. If the active membership declines faster than anticipated and the payroll fails to grow as assumed, STRS' ability to make progress toward full funding could be at risk. Retirements from active teachers are expected to increase significantly over the next 10 years. Although an increase in retirements does not necessarily impact long-term funding, if schools do not replace the teachers who retire in the future, that could result in a reduction in the overall number of teachers and impact STRS' ability to reach full funding by 2046. With the anticipated decline in the number of children enrolled in K–12 public schools, the risk that the number of teachers may go down in the future is real and was one of the considerations when the STRS Board lowered the payroll growth assumption in January 2024. After being fairly steady between 2010 and 2020, California experienced a significant decline in enrollment in both K–12 public schools and community colleges starting in 2020–21. Total enrollment in K–12 public schools in California dropped by approximately 310,000, or a 5% reduction, between 2019–20 and 2022–23. At the same time, the number of students enrolled at community colleges dropped by 310,000, or a 20% reduction, between the fall of 2019 and the fall of 2021. Since then, enrollment has rebounded by almost 200,000 from the fall of 2021 to the fall of 2024. Still, enrollment in community colleges is down more than 7%, or about 115,000, since 2019. In November 2024, the State updated its projection of K–12 enrollments. The updated projection assumes the number of children enrolled in K–12 public schools will continue to decline for the next 20 years. The most recent projection anticipates a decline of approximately 10% over the next 10 years and approximately 16% over the next 20 years. If the anticipated reduction in enrollment results in a need for fewer teachers in California, it would impact the number of active teachers who participate in the STRS Defined Benefit Program and ultimately the growth in payroll. The situation could intensify if school districts were to face budget issues and rely either on layoffs or hiring freezes, leaving positions vacant as teachers leave or retire to reduce budget pressure. One countervailing force that could potentially offset some of the factors listed above would be reductions in class sizes.

The STRS 2025 Review of Funding Levels and Risks notes that investment volatility and the risk that STRS may not be able to meet its assumed investment return over the long-term remains the greatest risk facing STRS today. The combination of a maturing system and the decreasing timeframe of the funding plan only serves to increase this risk. STRS 2024 Review of Funding Levels and Risks notes that (i) when investment returns are below expectations, the unfunded actuarial obligation increases, requiring additional contributions to bridge the gap; however, the funding plan provides the STRS Board limited authority to increase contribution rates for both the state and employers through 2046 for this purpose; (ii) the State bears the greatest risk when it comes to investment volatility due to rules set in the funding plan that allocate the largest share of the assets to the State which results in its share of the unfunded actuarial obligation being the most sensitive to investment volatility; (iii) the specific restrictions the funding plan places on contribution rate increases for both the State and employers limit STRS' ability to respond to investment volatility, and (iv) since the funding plan expires in 2046, after which the STRS Board's authority to adjust contribution rates terminates, the time period over which to fund an existing and new unfunded actuarial obligation is declining each year.

On July 30, 2025, STRS reported a net return on investments of 8.5% for fiscal year 2024-25, ending with the total fund value of \$367.7 billion as of June 30, 2025. The 2024-25 return keeps STRS on track long term, as the 5-, 10-, 20-, and 30-year returns, including the 9.4% 5-year return, all surpass the actuarial assumption of 7.0%, despite inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2024-25 investment return, STRS noted that it is ahead of schedule in reaching full funding by 2046.

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

On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%. On April 15, 2024, the PERS Board removed the automatic mechanism to reduce the discount rate and added a provision to the Funding Risk Mitigation Policy to bring an agenda item to the PERS Board for discussion if a funding risk mitigation event occurs.

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

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

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

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 18, 2025 (the “2025 Experience Study”), the PERS Board approved new actuarial assumptions, including (i) maintaining the current 6.8% discount rate, (ii) increasing the inflation rate from 2.3% to 2.5% per year, (iii) maintaining the assumed real wage inflation assumption to 0.5%, which results in an increase of total wage inflation of 2.80% to 3.0%, (iv) maintaining the payroll growth rate at 2.8%, and (v) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2025 and first impacted contribution rates for school districts in fiscal year 2026-27. Based on the timing of this study, the member data used for the analysis, which runs through June 30, 2023, does include impacts of COVID-19. Due to the anomalies created by COVID-19, some of the COVID-19 data was excluded.

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

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

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

Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2026-27 is 26.9%, 27.8% in fiscal year 2027-28, 27.4%

in fiscal year 2028-29, 27.0% in fiscal year 2029-30, and 26.2% in fiscal year 2030-31. The actual investment return for fiscal year 2024-25 was not known at the time these projections were made. The projections above assume the investment return for that year will be 6.8%. If the actual investment return differs from 6.80%, the actual contribution requirements for the projected years will differ from those shown above.

On July 14, 2025, PERS reported a preliminary net return on investment of 11.6% for PERF for the 12-month period ending June 30, 2025, bringing the PERF total assets under management to approximately \$556.2 billion. Preliminary total fund annualized returns for the five-year period ending June 30, 2025, stood at 8%; the 10-year period at 7.1%; the 20-year period at 6.7%; and the 30-year period at 7.6%. The ending value of the PERF for fiscal year 2024-25 will be based on additional factors beyond investment returns, including employer and employee contributions, monthly payments to retirees, and various investment fees. PERS will review the portfolio's performance in the subsequent few months to determine the final fiscal year returns for 2024-25. Once finalized, the fiscal year-end market value of PERS' assets is used to set contribution rates for the State and school districts in the 2026-27 fiscal year.

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

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

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing

period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2025, the District reported its shares of the net pension liabilities for the STRS and PERS plans as \$87,311,900 and \$46,674,872, respectively. For more information, “APPENDIX B — 2024-25 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT — Note 13” attached hereto.

Other Post-Employment Benefits

Post Employment Healthcare Benefits. The District administers a single employer defined benefit, postemployment medical benefit plan for qualified employees (the “OPEB Plan”). The OPEB Plan provides health, dental and vision insurance benefits (“OPEB”) to eligible retirees and their spouses. Membership of the plan consists of 66 retirees and beneficiaries currently receiving benefits, and 869 active plan members as of June 30, 2025. Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each bargaining period. The OPEB Plan does not issue a separate financial report.

Funding Policy. The District currently finances OPEB benefits on a pay-as-you-go basis. As of June 30, 2025, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The District contributes 100% of the cost equivalent to the premium of HMO single coverage. For the year ended June 30, 2025, the District contributed \$2,917,137 to the OPEB Plan. Contributions include an implicit rate subsidy of \$1,451,824. Total OPEB Liability At June 30, 2025 the total OPEB liability was \$65,287,303.

The total OPEB liability was determined based on an actuarial valuation as of July 1, 2024. The following actuarial assumptions used in the July 1, 2024 valuation, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2024
Measurement Date	June 30, 2025
Actuarial Costs Method	Entry Age Normal
Salary Increases	3.25%
Healthcare Cost Trend Rate	7.00%

Mortality assumptions are based on the 2024 CalSTRS mortality experience study for certificated employee types and the 2021 CalPERS mortality experience study for the classified employee types. Actuarial assumptions used in the July 1, 2024 valuation were based on a review of plan experience turnover tables 2024 CalSTRS retirement rates for certificated employee types and 2021 CalPERS retirement rates for classified employee types.

Discount Rate. The discount rate used to measure the OPEB liability was 4.81%. The projection of cash flows used to determine the discount rate was based on the 20-year municipal bond yield, specifically the S&P Municipal Bond 20 Year High Grade Rate Index. There are no plan assets.

Changes in the total OPEB Liability

Service Cost	\$ 3,277,920
Interest Costs	2,822,423
Changes in Assumptions	(3,102,449)
Benefit Payments	<u>(2,917,137)</u>
Net Change in Total OPEB Liability	80,757
Total OPEB Liability – Beginning Balance	<u>65,206,546</u>
Total OPEB Liability – Ending Balance	<u>62,287,303</u>

The following presents the District’s OPEB liability calculated using the discount rate of 4.81% as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<i>1% Decrease</i>	<i>Discount Rate</i>	<i>1% Increase</i>
Total OPEB Liability	\$70,098,105	\$65,287,303	\$60,747,176

The following presents the District’s OPEB liability calculated using the healthcare cost trend rate of 7.0%, as well as what the OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<i>1% Decrease</i>	<i>Current Healthcare Trend Rate</i>	<i>1% Increase</i>
Total OPEB Liability	\$58,983,743	\$65,287,303	\$72,535,794

Charter Schools

The State Legislature enacted the Charter Schools Act of 1992 (California Education Code Sections 47600-47616.5) to permit teachers, parents, students, and community members to establish schools that would be free from most state and district regulations. Revised in 1998, California’s charter school law states that local boards are the primary charter approving agency and that county panels can appeal a denied charter. State education standards apply, and charter schools are required to use the same student assessment instruments. The charter school is exempt from state and local education rules and regulations, except as specified in the legislation.

School districts have certain fiscal oversight and other responsibilities with respect to both affiliated independent and district operated charter schools established within their boundaries. However, independent charter schools receive funding directly from the State, and such funding would not be reported in the District’s audited financial statements. District operated charter schools receive their funding from the District and would be reflected in the District’s audited financial statements.

The District has no 9-12 charters operating within its boundaries and does not have any indicators that one will be developed any time soon.

The District makes no representations regarding how many District students will transfer to charter schools, back to the District from charter schools, or will transfer between the District and other school districts due to the presence of charter schools in the future, and the District cannot predict the corresponding financial impacts of such transfers on the District.

Assembly Bill 1505 was recently enacted (the “AB 1505”), which aims to slow the growth of charter schools. AB 1505 will give school districts increased leverage to deny applications for new charter schools by providing school districts additional discretion when authorizing charter schools to consider the number and

enrollment in proposed charter schools, academic outcomes and offerings and a statement of need for the school. The District cannot predict the impact such legislation will have on its operations and finances.

District Debt

Short Term Obligations. The District has no outstanding short-term debt outstanding.

General Obligation Bonds. The following table shows all of the District’s outstanding general obligation bonds, excluding the Bonds of this issue.

**TABLE B5
OUTSTANDING GENERAL OBLIGATION BONDS
Fullerton Joint Union High School District
As of April 1, 2026**

<i>Issue Date</i>	<i>Series</i>	<i>Original Principal Amount</i>	<i>Outstanding Amount as of March 11, 2025</i>
10/28/15	Election of 2014, Series A	\$ 42,500,000	\$ 28,715,000
4/26/17	Election of 2014, Series B	40,000,000	30,960,000
4/25/18	Election of 2014, Series C	48,000,000	45,100,000
2/27/19	Election of 2014, Series D	21,000,000	20,245,000
6/10/20	Election of 2014, Series E	23,500,000	22,925,000
6/10/20	2020 GO Refunding Bonds	15,295,000	4,670,000
5/5/21	2021 GO Refunding Bonds	16,450,000	13,055,000
3/11/25	Election of 2024, Series A	<u>120,000,000</u>	<u>120,000,000</u>
		<u>\$ 326,745,000</u>	<u>\$ 285,670,000</u>

The following table shows the District's debt service obligations with respect to its outstanding general obligation bonds, excluding the Bonds of this issue.

**TABLE B6
DEBT SERVICE OBLIGATIONS ON
OUTSTANDING GENERAL OBLIGATION BONDS
Fullerton Joint Union High School District
As of February 1, 2026**

<i>Period Ending (8/1)</i>	<i>Election of 2014 Series A</i>	<i>Election of 2014 Series B</i>	<i>Election of 2014 Series C</i>	<i>Election of 2014 Series D</i>	<i>Election of 2014 Series E</i>	<i>2020 Refunding Bonds</i>	<i>2021 Refunding Bonds</i>	<i>Election of 2024 Series A</i>	<i>Total</i>
2026	\$ 2,484,681	\$ 1,777,431	\$ 2,301,575	\$ 1,147,638	\$ 864,781	\$ 2,508,500	\$ 1,860,290	\$ 11,460,450	\$ 24,405,346
2027	2,486,931	1,872,681	2,427,575	1,213,888	911,531	2,514,750	1,942,490	10,514,450	23,884,296
2028	2,485,431	1,976,681	2,566,075	1,275,738	960,531	—	4,958,890	4,576,950	18,800,296
2029	2,485,181	2,088,681	2,701,075	1,343,188	1,011,531	—	5,054,490	4,586,950	19,271,096
2030	2,484,631	2,198,081	2,847,325	1,415,688	1,059,281	—	—	4,591,200	14,596,206
2031	2,482,581	2,315,219	2,998,825	1,489,188	1,113,781	—	—	4,609,950	15,009,544
2032	2,484,031	2,439,019	3,154,825	1,567,175	1,164,531	—	—	4,752,450	15,562,031
2033	2,486,531	2,564,419	3,314,575	1,644,125	1,226,531	—	—	4,957,450	16,193,631
2034	2,487,156	2,697,419	4,127,325	1,054,775	1,309,031	—	—	5,166,450	16,842,156
2035	2,483,456	2,836,481	4,239,825	1,233,775	1,345,781	—	—	5,378,700	17,518,019
2036	2,485,281	2,974,044	3,844,825	1,902,275	1,408,981	—	—	5,553,450	18,168,856
2037	2,484,744	3,124,944	4,037,075	1,994,025	1,470,581	—	—	5,796,950	18,908,319
2038	2,484,144	3,280,400	4,232,956	2,091,025	1,539,331	—	—	6,045,200	19,673,056
2039	2,485,919	3,435,600	4,438,713	2,194,525	1,611,169	—	—	6,302,200	20,468,125
2040	2,487,000	3,605,200	4,653,669	2,296,925	1,684,506	—	—	6,571,700	21,299,000
2041	—	4,503,200	5,792,150	2,817,325	2,155,594	—	—	6,852,200	22,120,469
2042	—	—	8,455,950	4,041,675	3,268,200	—	—	7,142,200	22,908,025
2043	—	—	—	—	8,240,000	—	—	7,479,600	15,719,600
2044	—	—	—	—	—	—	—	7,833,000	7,833,000
2045	—	—	—	—	—	—	—	8,206,000	8,206,000
2046	—	—	—	—	—	—	—	8,592,000	8,592,000
2047	—	—	—	—	—	—	—	8,944,600	8,944,600
2048	—	—	—	—	—	—	—	9,314,200	9,314,200
2049	—	—	—	—	—	—	—	9,954,200	9,954,200
2050	—	—	—	—	—	—	—	10,347,800	10,347,800
2051	—	—	—	—	—	—	—	10,753,400	10,753,400
2052	—	—	—	—	—	—	—	11,179,400	11,179,400
2053	—	—	—	—	—	—	—	11,623,800	11,623,800
2054	—	—	—	—	—	—	—	12,079,600	12,079,600
Total	\$ 37,277,700	\$ 43,689,500	\$ 66,134,338	\$ 30,722,950	\$ 32,345,675	\$ 5,023,250	\$ 13,816,160	\$221,166,500	\$450,176,073

General Fund Obligations. On September 1, 2025, the District caused the execution and delivery of its certificates of participation in the principal amount of \$36,895,000 to refund certificates of participation delivered in 2015 (the “2015 COPs”).

Capital Lease Obligations. The District has no outstanding capital lease obligations.

STATE FUNDING; RECENT STATE BUDGET

State Budget Measures

The following information concerning the State’s budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.

2025-26 State Budget. On June 27, 2025, the Governor signed the State budget for fiscal year 2025-26 (the “2025-26 State Budget”). The following information is drawn from the State Department of Finance’s (“DOF”) summary of the 2025-26 State Budget.

The 2025-26 State Budget reports that, since the release of the Governor’s proposed State budget, the imposition of federal policy changes significantly slowed economic growth within the State. Most notably, broad-based tariffs blunted economic growth and drove a downgrade of the economic forecasts built into the May revision to the proposed State budget. Additionally, the State experienced substantial cost and caseload growth in several core State programs, most notably within Medi-Cal, which combined to create a State general fund shortfall of \$11.8 billion. The 2025-26 State Budget notes that the budget does not reflect the impact of substantial cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The State continues to monitor the impacts of the federal spending cuts and may need to make adjustments to the 2025-26 State Budget as a result. The 2025-26 State Budget solves the projected \$11.8 billion deficit through significant reductions in ongoing programs and a mix of other broad-based measures.

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

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

For fiscal year 2024-25, the 2025-26 State Budget appropriates \$118 billion, instead of the currently calculated level of \$119.9 billion, in order to mitigate the risk of potentially appropriating more resources to the

minimum funding guarantee than are available in the final calculation for fiscal year 2024-25. The minimum funding level for fiscal year 2024-25 will not be finalized until that fiscal year is certified, which is a process that will occur throughout 2026. The 2025-26 State Budget projects that Test 1 will be in effect for fiscal year 2025-26. To accommodate enrollment increases related to the continued implementation of Universal Transitional Kindergarten and property tax backfills related to the January 2025 fires in the County of Los Angeles, the 2025-26 State Budget rebenchs the Test 1 percentage, from approximately 39.2% to 39.6%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

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

- *LCFF* – The 2025-26 State Budget includes an LCFF COLA of 2.3%. When combined with population growth adjustments, these result in an increase of roughly \$2.1 billion in discretionary funds for local educational agencies, as compared to the level set in the prior State budget. The 2025-26 State Budget authorizes a mandatory deposit of \$455 million into the PSSSA in fiscal year 2024-25, of which the entirety is exhausted in fiscal year 2025-26, including \$405.3 million to support LCFF costs.
- *Deferrals* – The 2025-26 State Budget reflects LCFF apportionment deferrals from fiscal years 2024-25 to 2025-26 of approximately \$246.6 million, and from fiscal years 2025-26 to 2026-27 of approximately \$1.9 billion.
- *Universal Transitional Kindergarten (TK)* – The 2025-26 State Budget provides \$2.1 billion (inclusive of all prior years' investments) in ongoing Proposition 98 funding to support the full implementation of universal TK so that all children who turn 4 years old by September 1 of the school year can enroll in the 2025-26 school year. The 2025-26 State Budget also provides \$1.2 billion ongoing Proposition 98 funding to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom. Additionally, the 2025-26 State Budget shifts \$232.9 million of ongoing Proposition 98 funding for universal TK funding that was previously allocated to community college districts as a result of the Proposition 98 statutory split to the TK-12 side of the budget.
- *Before School, After School and Summer School* – \$515.5 million in ongoing Proposition 98 funding for the Expanded Learning Opportunities Program, which seeks to implement before, after and summer school instruction and enrichment for students in grades TK-6, by increasing the number of local education agencies that offer universal access to students with an unduplicated count of 75 percent to an unduplicated count of 55 percent. The 2025-26 State Budget includes an additional \$10.4 million to increase the minimum grant amounts from \$50,000 to \$100,000 per local educational agency.
- *Literacy Instruction* – \$480 million in one-time Proposition 98 funding for the support of the English Language Arts/English Language Development framework, which includes investments such as literacy coaches, reading specialists, trainings for educators, administering screenings and providing materials. The 2025-26 State Budget also provides \$10 million in one-time Proposition 98 funding for the statewide use of English language proficiency screeners to support multilingual learners in TK.
- *Teacher Preparation and Professional Development* – \$300 million in one-time Proposition 98 funding to establish the Student Teacher Stipend Program, which will provide \$10,000 grants to qualifying teacher candidates, \$70 million in one-time Proposition 98 funding for high-quality teacher residency programs and \$30 million in one-time Proposition 98 funding to extend the timeline of existing National Board Certification Incentive Program to support National Board Certified teachers to teach in high poverty schools.

- *State Preschool* – The 2025-26 State Budget provides \$19.3 million Proposition 98 funding and \$10.2 million non-Proposition 98 funding for the California State Preschool Program to augment provider rates, supporting the costs of care. The 2025-26 State Budget also provides authority to the Department of Education to take certain actions related to the California State Preschool program.
- *Learning Recovery Emergency Block Grant* – \$378.6 million in one-time Proposition 98 funding to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing learning recovery initiatives through the 2027-28 school year.
- *Universal School Meals Support Grant* – \$145 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure, training and procurement of sustainably grown food to support schools in providing more freshly prepared meals, \$10 million in one-time Proposition 98 funding to recruit and retain school food service workers and \$5 million in one-time Proposition 98 funding for a study of ultra-processed foods offered in California school meals.
- *Summer Electronic Benefits Transfer (SUN Bucks)* – \$21.9 million in additional ongoing Proposition 98 funding to support the SUN Bucks program, which provides nutrition funding to eligible students during the summer months, to provide a match to an equal amount of federal funds to support the program.
- *Children and Youth Behavioral Health Initiative Grants* – \$20 million in one-time Proposition 98 funding to support the implementation of the Children and Youth Behavioral Health Initiative’s all-payer fee schedule.
- *Secondary School Redesign Pilot Program* – \$10 million in one-time Proposition 98 funding for the California Collaborative of Educational Excellence to administer a pilot program to redesign middle and high schools to better serve the needs of all students and increase student outcomes, and to manage a network of grantees to support peer learning and documentation of practices.
- *TK Multilingual Learner Supplemental Funding* - \$7.5 million in one-time Proposition 98 funding, available through fiscal year 2026-27, to mitigate reductions in potential LCFF apportionment to local educational agencies resulting from the exemption of TK students from the English language proficiency assessment.

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

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

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

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

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

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

The minimum funding guarantee in fiscal year 2026-27 is set at \$125.5 billion. The Proposed 2026-27 Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2024-25 and 2025-26, setting them at \$123.8 billion and \$121.4 billion, respectively. The revisions to the minimum funding guarantee represent an increase of approximately \$21.7 billion over the three-year period relative to the 2025-26 State Budget. For fiscal year 2025-26, the Proposed 2026-27 Budget appropriates \$115.9 billion, instead of the currently calculated level of \$121.4 billion, in order to mitigate the risk of potentially appropriating more resources to the minimum funding guarantee than are available in the final calculation for fiscal year 2025-26. Potential adjustments will be evaluated at the May revision to the Proposed 2026-27 Budget and will not be final until the certification of the 2025-26 minimum funding guarantee. The Proposed 2026-27 Budget projects Test 1 of the guarantee to be in effect for fiscal years 2024-25, 2025-26 and 2026-27, meaning the funding level is equal to roughly 40% of State general fund revenues that count towards the minimum funding guarantee.

Other significant features relating to community college district funding include the following:

- *General Apportionments* – An increase of \$240.6 million in ongoing Proposition 98 funding to provide a 2.41% COLA for apportionments, and an increase of \$31.9 million in ongoing Proposition 98 funding to fund 0.50% enrollment growth and an increase of \$55.3 million in Proposition 98 funding for additional enrollment growth of 1% in fiscal year 2025-26, reflecting a combined growth percentage of 1.50% in fiscal year 2026-27. Additionally, the Proposed 2026-27 Budget includes a one-time increase of \$88.7 million in Proposition 98 funding for increasing the Student Centered Funding Formula (“SCFF”) costs in fiscal year 2025-26, along with a one-time withdrawal of \$44.5 million from the PSSSA to support SCFF

costs in fiscal year 2026-27. Lastly, the Proposed 2026-26 Budget includes a one-time increase of \$408.3 million to fully repay SCFF deferrals in the 2025-25 State Budget.

- *Categorical Programs* – An increase of \$30.6 million in ongoing Proposition 98 funding to provide a 2.41% COLA for select categorical.
- *Local Property Tax Adjustments*– A decrease of \$346.4 million in Proposition 98 funding due to increased offsetting local property tax revenues.
- *Student Support Block Grant* – A one-time increase of \$100 million in Proposition 98 finding for a flexible block grant for the community college system.
- *Common Data Platform* – An increase of \$41 million in Proposition 98 funding, of which \$5 million is ongoing, for further scaling of a common cloud data platform across the community college system.
- *Credit for Prior Learning* – An increase of \$37 million in Proposition 98 funding, of which \$2 million is ongoing, to support and build upon the Credit for Prior Learning Initiative under the Master Plan for Career Education initiative.
- *Calbright College* – An increase of \$38.1 million in Proposition 98 funding to support and provide stable funding for Calbright College in its base operations as it transitions out of its startup capacity.
- *Facilities* – The Proposed 2026-27 Budget provides \$736.9 million in one-time funds from bonds issued under Proposition 2 (2024) to finance 10 new projects and 29 continuing projects at community colleges. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — 2024 State School Facilities Bond” herein. Additionally, the Proposed 2026-27 Budget provides a one-time increase of \$120.7 million in Proposition 98 funding to address deferred maintenance needs.
- *California Healthy School Food Pathways Program* – An increase of \$14.3 million in Proposition 98 funding to support California Healthy School Food Pathways Program, which strengthens the school food service workforce through apprenticeship and training programs.
- *Apprenticeship Related and Supplemental Instruction (RSI) Costs Backfill* – A one-time increase of \$13.4 million in Proposition 98 funding to backfill apprenticeship RSI costs in fiscal years 2024-25 and 2025-26.

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

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

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See “THE BONDS—Security and Source of Payment.”) Articles XIII A, XIII B, XIII C and XIII D of the California Constitution, Propositions 98, 111, 218 and 39, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and of the District to spend tax proceeds and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

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

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

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

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“Proposition 19”), which amends Article XIII A to: (i) expand special rules that give property tax

savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District. However, any reduction of assessed valuation would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on the Bonds.

Legislation Implementing Article XIII A

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

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

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

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

Proposition 50 and Proposition 171

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

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120 percent of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120 percent of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A to allow owners of Damaged Property to transfer their Original

Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

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

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105 percent of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110 percent of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115 percent of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

The District cannot provide make any representation regarding the effect Propositions 50 and 171 may have on District revenues or the assessed valuation of real property in the District. However, any reduction of assessed valuation would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on the Bonds.

Unitary Property

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

Article XIII B of the California Constitution

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

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in State per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the ADA of the school district from the preceding fiscal year.

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

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

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

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

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

Proposition 26

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

Article XIII C and Article XIII D of the California Constitution

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

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

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

Propositions 98 and 111

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

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

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

On June 5, 1990, the voters of the State approved Proposition 111 (Senate Constitutional Amendment No. 1) called the “Traffic Congestion Relief and Spending Limitation Act of 1990” (“Proposition 111”) which

further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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

- a. *Annual Adjustments to Spending Limit.* The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the “change in the cost of living” is now measured by the change in State per capita personal income. The definition of “change in population” specifies that a portion of the State’s spending limit is to be adjusted to reflect changes in school attendance.
- b. *Treatment of Excess Tax Revenues.* “Excess” tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts’ minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts’ base expenditures for calculating their entitlement for State aid in the next year, and the State’s appropriations limit is not to be increased by this amount.
- c. *Exclusions from Spending Limit.* Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit” (i) for “qualified capital outlay projects” as defined by the State Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. *Recalculation of Appropriations Limit.* The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- e. *School Funding Guarantee.* There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) approximately 40% of State general fund revenues (“Test 1”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (“Test 2”). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school district will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” (also referred to as a “maintenance factor”) to K-14

school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as “Proposition 39”) to the State Constitution. Proposition 39 is an initiated Constitutional amendment that (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this Proposition are K-12 school districts, including the District, community college districts and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property, such that property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that such bonds may be issued only if the tax rate per \$100,000 of taxable property value projected to be levied as the result of any single election would not exceed \$60 (for a unified school district), \$30 (for a high school district, such as the District, or an elementary school district), or \$25 (for a community college district), when assessed valuation is projected to increase in accordance with Article XIII A. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See “—Article XIII A of the California Constitution” herein.

Proposition 1A and Proposition 22

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by State voters on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State’s authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State’s authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State-

mandated costs. Proposition 22 impacts resources in the State’s general fund and transportation funds, the State’s main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst’s Office (the “LAO”) on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State’s total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State’s general fund costs by approximately \$1 billion annually for several decades.

Proposition 55

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

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

Jarvis vs. Connell

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

Proposition 2

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

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

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

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

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

which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

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

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

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

The Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of or interest on the Bonds as and when due.

Future Initiatives

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

APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR
THE FISCAL YEAR ENDED JUNE 30, 2025**

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FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fullerton Joint Union High School District (the 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 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 District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Emphasis of Matter – Implementation of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement establishes a unified recognition and measurement model for liabilities associated with compensated absences, including unused leave and leave taken but not yet paid. The implementation of GASB 101 resulted in changes to the accounting treatment and disclosures related to compensated absences. Our opinion is not modified with respect to this matter.

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.

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 auditors' 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, schedule of budgetary comparison for the general fund, schedule of changes in the total OPEB liability and related ratios, schedule of District's proportionate share of the net pension liability and schedule of District contributions, and 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 GAAS, 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 average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, combining nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 GAAS. In our opinion, the schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, combining nonmajor fund financial statements, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of financial trends and analysis and schedule of charter schools which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the LEA organization structure, introductory section and the continuing disclosure information but does not include the basic financial statements and our auditors' 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 be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026, 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.



CliftonLarsonAllen LLP

Ontario, California
January 26, 2026

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Overview

The Fullerton Joint Union High School District (the District) was established in 1893 under the laws of the state of California and consists of an area comprising approximately 55 square miles. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9–12 as mandated by the state and/or federal agencies. The District operates six high schools, one continuation high school, and one alternative high school.

Significant Accomplishments

Troy High School

Troy High School is in year-five of a WASC, six-year clear full accreditation valid through June 30, 2026. The Troy High School mid-cycle WASC report was accepted on June 6, 2023 and Troy will continue for the next three years with a clear full accreditation through June 30, 2026. Troy High School is acclaimed for its many programs including Troy Tech, AVID, AP, International Baccalaureate, and Cambridge.

- #32 Best College Prep Public High School in the Nation, 2025 Niche.com
- #5 Best College Prep Public High School in California, 2025 Niche.com
- #1 Best College Prep Public High School in Orange County, 2025 Niche.com
- #23 in California, U.S. News and World Report, 2025
- #52 STEM High School in the Nation, U.S. News and World Report, 2025
- Nominated for the U.S. Department of Education 2025 National Blue Ribbon School Award.

National Merit Awards

- Semifinalists 2024 - 2025: 34 students
- Scholar Finalists 2024 - 2025: 31 students
- Commended Scholars 2024 - 2025: 96 students

Advanced Placement 2025 Data

- 4190 AP exams administered to 1546 students: average 4.27
- 94% pass rate on AP exams

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Troy High School (Continued)

Programs for all Troy students:

- The Troy Tech Magnet Program. 72% of all students are in Troy Tech.
- Program in Science, Technology, Engineering and
- Mathematics; Advanced Placement; International Baccalaureate;
- and Cambridge A Level & AICE Diploma;
- 80% of the student population is enrolled in one or more of our specialized programs.
- Concurrent Enrollment Options and
- CTE Certifications
- Fullerton College: Sociology 101, Counseling 140
- California State University, Fullerton Math 15A, 150A/B, 250A/B,
- TroyTech pathways offering certifications: SolidWorks (CSWA), Cisco Certified Support Technician (CCST) Networking, Cybersecurity, & CompTIA Security+
- CTE: Troy's video broadcasting courses deliver high quality video production along with original stories and graphics on a daily basis for students and staff through Omnia. Over the course of 2024-25, Troy's student produced Omnia daily announcements show completed 172 live daily broadcasts. Video broadcasting also televised 62 athletic events ranging from football, soccer, volleyball, baseball, waterpolo, and softball. Video production also films a new LipDub video each year which is a great marketing tool. Each year our Video Production does Troy's graduation simulcast and has set the standard for high school graduation video productions. Our video production courses also include industry certifications.

Awards & Recognitions

- Science Olympiad California Champion, 30th time. 2025.
- Science Olympiad, 5th Place @ National Championship, 2025
14 National Championships, and 30 California State Championships.
- NJROTC: Area 21 Distinguished Unit with Honors. 2nd Most Outstanding Unit in the Nation. Orienteering USA National Champions.
- StellarXplorers National Champions, 2025

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Troy High School (Continued)

- National Champions, NJROTC National Academic Exam, 2025
- NJROTC Blue & Gold Aerial Classic, National Champions, 2025
- VEX Robotics 2nd Place, @ National Championship (top Navy team), 2025
- Nine cadet appointments to U.S. Military Service Academies in 2025.
- Troy NJROTC Cyber - CyberPatriot National Championship 2nd Place in the All Services Division, 2025.
- JROTC Leadership & Academic Bowl, 3rd Place @ National Championships. (top Navy team.)2025
- 3rd at Navy Academics, Athletics, and Drill Nationals for 2025.
- Athletics: 30% of Troy students participate in the Troy's 25 sports teams
- Dance: Troy Red Hots 2025 Red Hots Dance Team: California Dance Team Directors, Grand California State Champions for highest scores in POM, Lyrical, and Jazz.
- Troy Show Choir was selected and performed as one of three high school choirs in the Disneyland Candlelight Processional holiday event.
- Theater 2024-25.The Man Who Came to Dinner (October), Special Ed Showcase (December)
Rumors (February), Guys and Dolls (April)
- TEAM LEAGUE CHAMPIONS in 2025
- GIRLS SOCCER
- FOOTBALL
- BOYS TENNIS
- GIRLS TENNIS
- BOYS VOLLEYBALL
- BOYS SWIM
- GIRLS FLAG FOOTBALL
- GIRLS GOLF

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Troy High School (Continued)

College Acceptances

- 96% of Troy's students attend colleges and universities
- 4-year colleges and universities 67% attendance
- 2-year colleges 29% attendance
- Other (military enlistment, vocational/career college, entering workforce) 4%
- 79% of the Class of 2025 met the four-year college, A-G entrance requirements for University of California and the California State University institutions.

2025 International Baccalaureate Data

International Baccalaureate: In 2025 there were 32 full diploma candidates. 93 students took a total of 221 SL and HL exams, with a 94% pass rate.

2025 Cambridge Data

Cambridge: In 2025 there were 41 Cambridge AICE diploma candidates. 159 students took a combined 266 AS and A Level exams with a 95% pass rate.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Troy High School (Continued)

In addition to excellent academics, including AP, International Baccalaureate, AVID, Agricultural, and ROP courses, Sunny Hills also boasts thriving arts, athletics, and activities, along with a multitude of clubs that allow students to participate and engage in school beyond the classroom. The staff believes that high school should be a fun and exciting time in a student's life, filled with vast opportunities for learning and growth. The quality and drive of the exceptional teaching staff, the professionalism and pride of the classified staff, the community and parental partnerships, and the amazing students allow Sunny Hills High School to provide a world-class education for every student, every day!

- Orange County Impact School (OCDE, 2025 - one of two comprehensive, public high schools)
- #27 in the Los Angeles area (U.S. News & World Report, 2025)
- #71 in the state of California (U.S. News & World Report, 2025)
- #529 in the national rankings (U.S. News & World Report, 2025)
- 2025 AP Honor Roll Gold Medal School
- A+ School Grade ([Niche.com](https://niche.com), 2026)
- #5 Best High School in Orange County ([Niche.com](https://niche.com), 2026)
- #34 out of 1,988 Best Public High Schools in California ([Niche.com](https://niche.com), 2026)
- #235 out of 20,162 Best Public High Schools in America ([Niche.com](https://niche.com), 2026)
- #7 Most Diverse Public High School in Orange County ([Niche.com](https://niche.com), 2026)
- 10/10 GreatSchools Rating (greatschools.com, 2026)
- 2025 Honor Roll School ([Educational Results Partnership](https://educationalresults.com), 2025)

College Matriculation

Sunny Hills has a 99% graduation rate. As reported by the Class of 2025, 95% were attending Colleges (including trade colleges), 53% to a Four-Year College including 21% to a University of California and, 17% to a California State University, 43% to Two-Year Colleges/Trade schools, 2% to the Armed Forces or Academy, and 15% to Private Colleges & Out-of-State.

Academic Highlights

Sunny Hills continued to have strong CAASPP Testing results in 2024-25 across the board in comparison to both Orange County and California as a whole. Students meeting or exceeding standards for ELA were at 81%, for Math 63%, and for Science 56%. In 2024-25, Sunny Hills had 5 National Merit Scholarship Competition Finalists, 6 National Merit Award Semifinalists, and 28 National Merit Commended Students. For the 2024-25 graduating class, 113 students received their California Seal of Biliteracy in the following languages: 3 German, 39 Korean, 11 Mandarin, and 60 Spanish. Additionally, 118 students received the California State Seal of Civic Engagement.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Sunny Hills High School (Continued)

Advanced Placement

In 2025, 1,177 students took 2,490 AP exams in courses including American Government, Biology, Calculus, Chemistry, Chinese, Computer Science, English Language and Composition, English Literature and Composition, Environmental Science, European History, German, Human Geography, Macroeconomics, Physics, Psychology, Spanish, Statistics, Studio Art, and U.S. History. Students earned a 3 or better on 81% of the exams, with 86% of our students earning a 3 or higher on an exam. 196 students were recognized as AP Scholars, 92 as AP Scholars with Honor, and 222 as AP Scholars with Distinction.

International Baccalaureate

Sunny Hills was granted full affiliation in 1985 by the International Baccalaureate Organization. In 2025, 84 students took 230 subject entries. Passing scores of four (4) or above were earned on 91% of the tests. 21 of the 23 eligible senior candidates were granted International Baccalaureate diplomas. Students may take higher-level exams in Art, Dance, Economics, English, Theater, Physics, German, Spanish, Korean, and History of the Americas. Standard-level exams may be taken by students in Art, Biology, Dance, Physics, Design Technology, Spanish, German, Korean, Chinese, Mathematics, and History of the Americas.

AVID

The program is designed to provide additional support for college preparatory/honors/AP students with a 2.5 or higher GPA to ensure they complete college/university requirements so they are eligible to apply to 4-year colleges and universities. The AVID program also promotes enrollment in honors/AP/IB courses as appropriate; 63% of the AVID student population is in an honors/AP/IB course. Currently, Sunny Hills High School has 288 students in the AVID program, with 99% of the AVID 2025 graduating class university A-G eligible, 100% applied to a 4-year university, 98% were accepted into a 4-year college/university, and 100% of our students reported they are going to continue their education at a higher education institute.

Conservatory of Fine Arts (COFA)

Students can earn a COFA Laureate for 3 years of study or a COFA Laureate with Distinction for 4 years of study and participation in 3 COFA-sponsored events per year outside of their courses. All courses meet the UC/CSU "Visual/Performing Art" requirement. Currently, Sunny Hills has 943 COFA members, and in 2025, 18 students earned the Laureate Award, and 44 students earned the Laureate with Distinction Award.

Athletics

During the 2024-25 school year, 1,268 student-athletes competed across 26 total sports programs, winning 10 Century Conference league championships and finishing the year with the most league championships won in the district as well as the 15-school conference. In the Fall, Daniela Borrueal finished her career as a CIF Finalist, was the best tennis player in the Century Conference, and now plays tennis for USC. Esports finished the year as CIF Finalists in League of Legends Gold! The Lancers finished the year with 80 student-athletes earning All-League honors. The Lancers were also proud to see 11 student-athletes participate in Signing Day, where they signed their letters of intent to continue their athletic careers in college!

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Sunny Hills High School (Continued)

Other Accomplishments

- Through our EPIC Engineering and Computer Science Programs, 6 students participated as Boeing Interns over the summer.
- ASB advisor and social science teacher, David Fenstermaker, was named Parenting OC Teacher of the Year.
- Journalism advisor Tommy Li was named a Special Recognition Adviser by the Columbia Scholastic Press Association as part of the national journalism organization's Teacher of the Year program.
- Accolade specialty news magazine was named a Pacemaker finalist by the National Scholastic Press Association, among only seven other publications nationwide, and the only one from Orange County.
- Lancer literary magazine, Solarium, was selected to receive the rank of Superior in the 2024 NCTE Recognizing Excellence in Art and Literary Magazines (REALM) program.
- Thomas Oltman was one of 37 students selected as a 2025 National German Exam winner out of over 12,000 students who participated nationwide.
- CSF Scholarship Finalists, Seowon Han and Ethan Hsu, honored as South Region Top 10 Finalists for the 2024-25 Seymour Award.
- The Science Olympiad team placed 6th at the Orange County Regional Science Olympiad Tournament at UCI and qualified for the 2025 state tournament.
- Video Production director, Isabella Loarca, was named the 2025 District ROP Student of the Year.
- Saraya Jhawar attended the Cal-HOSA Student Leadership Conference in Sacramento and placed 1st in the state for her Medical Terminology competition.
- The Coding and Gaming program applied for and received the Golden State Pathways Program Grant for \$500,000.
- Esports Accomplishments:
 - The Gold Varsity League of Legends Esports team won the NASEF CA Fall Open Championship
 - The Valorant Gold Varsity Esports team earned a spot in Tier 1 Premier for the 2025 season of HSEL by finishing in 2nd place in the West Coast Fall Majors in Tier 2
 - 2nd place in CIF Esports for League of Legends
- [24/25 SHHS Ag Science and FFA Accomplishments](#)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Sonora High School

Sonora High School offers a wide range of programs and opportunities that allow students to find their place within the school community while developing their passions, interests, and talents. These programs are designed to provide students with meaningful experiences and focused learning that support success across all academic areas and prepare them for college, careers, and life beyond high school. Sonora High School also offers specialized programs that attract students and families based on individual interests, including Career Technical Education (CTE) pathways, International Baccalaureate (IB), Advanced Placement (AP), Advancement Via Individual Determination (AVID), athletics, and a variety of extracurricular activities that encourage students to explore their strengths and pursue their academic curiosity.

Advancement Via Individual Determination (AVID)

The AVID program supports Sonora High School's commitment to providing targeted academic support and ensuring students' successful transition to college. AVID was reintroduced at Sonora during the 2021–2022 school year and expanded in 2022–2023 with the addition of two sections each of AVID I and AVID II. To support program growth and effective implementation, six staff members attended AVID Summer Institute training in 2023, leading to the formation of an AVID Leadership Team that meets monthly to monitor implementation across grade levels, plan schoolwide professional development, and analyze student data to identify areas of success and growth.

The program initially enrolled 78 students in AVID I. During the 2022–2023 school year, 64 students advanced to AVID II, while 54 incoming freshmen enrolled in AVID I. Over the past three years, the program has continued to expand and now offers AVID I through AVID IV, providing a full continuum of support for students in grades 9–12. In the 2023–2024 school year, 45 students were enrolled in AVID III. The program's first graduating cohort completed their time at Sonora High School in the 2024–2025 school year, with 98% of graduating seniors gaining admission to a four-year university. Additionally, the growth of AVID has contributed to increased student enrollment in AP and IB coursework, most notably in 12th-grade AP Government.

Academy of Nursing and Medical Careers

The Academy of Nursing and Medical Careers was established in 1994 and has remained a cornerstone Career Technical Education (CTE) program at Sonora High School. This comprehensive four-year pathway offers coursework at each grade level, including Introduction to Medical/Nursing Careers, Health Medical Office, Body Systems, and Medical Assisting. Students in the academy have the opportunity to earn both CPR/First Aid certification and Medical Assisting certification. During the 2024–2025 school year, a total of 48 students completed the pathway.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Sonora High School (Continued)

Culinary Arts CTE Pathway

The Culinary Arts Career Technical Education (CTE) Pathway has become the fastest-growing pathway at Sonora High School, driven by strong student interest and consistent enrollment. The program provides students with hands-on learning experiences focused on essential culinary skills, including kitchen operations, safety procedures, knife skills, sanitation, and cooking and baking techniques. Course offerings include Introduction to Culinary Arts and Culinary Arts and Hospitality Management, the latter of which emphasizes leadership and management skills within the culinary industry. During the 2022–2023 school year, the culinary kitchen and adjacent classroom were upgraded to create a modern, state-of-the-art learning environment. In the 2024–2025 school year, 34 students successfully completed the Culinary Arts pathway.

Digital Game Design and Digital Media Arts

The Sonora Digital Game Design and Media Arts Program prepares students for careers and postsecondary education in fields such as video game design, 2D and 3D design and animation, visual effects, and related creative industries. Students gain hands-on experience using industry-standard software, including Unity and Unreal game engines, Autodesk Maya and Blender, and Adobe Photoshop, Illustrator, Animate, and Premiere. Course offerings include Introduction to Game Design, Intermediate Game Design, and Advanced Game Design, which collectively build the technical knowledge and creative skills needed to enter the workforce or pursue additional training, certification, or higher education.

During the 2023–2024 school year, 121 students participated in the program, with 19 completing the full pathway. In the 2024–2025 school year, enrollment included 73 students, 11 of whom completed the pathway.

As a result of diminishing interest in the program and a change in leadership, there will be a shift in the approach and program goal, with a focus shifting to Arts, Media, and Production with an emphasis in business and marketing. This shift will cast a wider net to attract more students and provide more hands-on opportunities for students to connect with real-world partnerships in the industry.

Agriculture

The Sonora High School Agriculture Program is a comprehensive and well-established program offering three distinct pathways: Agricultural Mechanics, Veterinary Science, and Floral Design. Each pathway is designed to provide students with hands-on learning experiences that support career readiness and college preparation. The program also emphasizes premier leadership, personal growth, and career success through its partnership with the National FFA Organization.

During the 2022–2023 school year, Sonora High School reintroduced Agricultural Chemistry into the master schedule, expanding pathway opportunities and allowing students to pursue a three-year pathway in Veterinary Science, a two-year pathway in Floral Design, and a four-year pathway in Agricultural Mechanics. In the 2024–2025 school year, enrollment included 163 students in the Agricultural Mechanics pathway, 66 in Floral Design, 25 in Veterinary Science, and 59 students participating in the Agri-Science pathway. In addition to coursework, students actively participate in a variety of FFA activities, including district and state leadership competitions and livestock exhibitions at the Orange County Fair.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Sonora High School (Continued)

International Baccalaureate (IB)/AP

With a strong and well-established International Baccalaureate (IB) program spanning 40 years, Sonora High School continues to be a top choice for families seeking a rigorous, authentic, and meaningful high school experience. The success and reputation of the IB program have been especially significant during a period of declining enrollment, attracting students from outside the district who enroll at Sonora specifically to participate in IB. Students may pursue the full IB Diploma Program or enroll in individual IB courses, which are open to any Sonora student interested in advanced academic coursework.

Sonora IB students consistently matriculate to Ivy League universities and a wide range of four-year colleges. In the Class of 2023, 26% of seniors completed at least one IB examination, with a total of 354 IB exams administered. Of the 22 students who attempted the full IB Diploma that year, 20 successfully earned the diploma. Sonora offered IB examinations in English, French, Spanish, Environmental Systems and Societies, History of the Americas, Psychology, Biology, Physics, and Mathematics. During the 2024–2025 school year, Sonora led the district in both the number of full IB Diploma candidates (55) and IB Diploma recipients (49), setting school records in both categories. That year also marked the first time Sonora students were admitted to and attended Harvard, Princeton, and Yale—often referred to as the “Trinity” of Ivy League institutions—making Sonora one of only two schools in the district to achieve this distinction in 2024–2025.

In addition to IB, Sonora High School offers a robust Advanced Placement (AP) program. In May 2025, students completed 641 AP exams across multiple subject areas. Exams were taken by students in grades 10–12, with notable pass rates including 88.2% in Psychology, 77.5% in Biology, 88.8% in Spanish Language, 63.3% in Spanish Literature, 96.2% in U.S. History, and 90% in European History. During the 2023–2024 school year, Sonora offered 15 AP courses spanning mathematics, science, social science, computer science, Spanish, and visual arts.

Junior Reserve Officer Training Corps (JROTC)

Sonora High School offers students the opportunity to participate in the Army Junior Reserve Officers’ Training Corps (JROTC) program, which emphasizes character education, academic achievement, wellness, leadership development, and respect for diversity. The program is a collaborative partnership between the United States Army and Sonora High School, designed to develop responsible, engaged students and citizens.

During the 2024–2025 school year, approximately 100 students participated across multiple levels of the JROTC program, ranging from introductory coursework to advanced Special Teams that represented Sonora High School in competitions and community presentations. In addition, JROTC students took part in numerous formal ceremonies and recognition events throughout the school year. The JROTC program equips students with valuable life skills and leadership experiences that support both military service pathways and college and career readiness.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Buena Park High School

With the emergence and growth of new programs, accelerated high level academic academies, and champion and award winning athletic and arts departments, Buena Park High School is quickly becoming a “Destination High School” for students in the surrounding area. Regardless of where students come from, once they embrace the welcoming environment that is BPHS, they transform into a Coyote and join our Pack! They then take on our Pack’s high expectations, choosing to operate at a higher level than other high school students. As a Pack, we RISE UP together, and after four years, our students graduate better students, citizens, and young adults, ready to not only tackle higher education and a career, but excel in all facets of life! For we are a Pack, and we develop the core values of **Respect**, **Integrity**, **Service before self**, and **Excellence** in all we do, so we can RISE UP to meet all challenges.

Our high expectations start with the bottom line of: Everyone, in-class, on-time, every period, every day! It continues with the expectation that students learn true engagement, free from the outside distractions that are present due to constant connectivity through devices. We want students to learn how to #Unplug while in class, by removing their devices from their immediate vicinity, so they can Connect and Engage with their peers, with their instructor, and with the curriculum. Overall, we expect each and every student to find their connection to BPHS through the multitude of programs offered at the school. One of the attributes that makes BPHS a Destination School for All students are the award winning and high caliber Arts, Athletics, and Academic programs that foster unique learning opportunities and develop well rounded students. Buena Park High School continues to offer a complete Dual Enrollment/AP/Honors and college prep program that has a history of providing students with the preparedness to attend our nation’s finest educational institutions. We have recent graduates currently studying at: multiple Ivy League schools to include UPenn, Yale, Princeton, Brown, and Columbia, Private Universities around the country to include Stanford, USC, Northwestern University, and The Claremont Colleges, not to mention hundreds of students at every UC and CSU in the state of California. We boast National Merit Finalists, Semi-Finalists, Questbridge, and Presidential Scholars, in addition to many more incredible accomplishments from our entire Coyote Family. The multitude of amazing specialized academic programs make BPHS a Triple A Destination High School for the Arts, Academics, and Athletics.

BP EARLY COLLEGE ACADEMY is a **2025 California Golden Bell Recipient** - in partnership with Cal State Fullerton, Fullerton College, Cypress College and Mt. San Antonio College (Mt. SAC) where students take college classes during their regular school day and earn both UC-/CSU-transferable college credit while meeting their high school graduation requirements. Over the past two school years, Buena Park High School’s Early College Academy Dual Enrollment program showed significant growth and sustained academic success. Across both years, participation increased from 7% to over 12% of the student body as course offerings expanded from three to eight embedded courses per semester. In total, **more than 300 students completed 2,238 college units**, earning consistently strong outcomes with **completion rates above 90% and pass rates at 98%**. Student performance remained high across both years, with unweighted collegiate **GPA’s above 3.5 and weighted GPA’s exceeding 4.4**, demonstrating that expanded access to college coursework at BPHS continues to result in rigorous achievement and measurable student success.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Buena Park High School (Continued)

AP CAPSTONE DIPLOMA: part of the BP Early College Academy, is an innovative and prestigious diploma program that includes (2) unique 1-year courses, AP Seminar and AP Research. The program allows students to immerse themselves in topics that personally matter to them while developing the analytic, research, problem-solving, and communication skills that colleges seek in the applicants. AP Seminar and AP Research have proven to not only boost a student's transcript profile, but more importantly give them collegiate skills not found in other AP courses. Students complete a mini dissertation in year two, complete with research surrounding a unique question that is individualized to the researcher. Students learn transferable skills colleges desire for incoming students. Each year dozens complete the AP Capstone Certificate, having passed both the AP Seminar and Research courses, with a number of them also passing four other AP courses to earn the **AP Capstone Diploma** recognition.

CAVPA: (*Coyote Academy of Visual and Performing Arts*): Fine and Performing Arts pathways that includes all five branches of the arts: Band & Orchestra, Vocal Music, Digital/Media Arts, Dance, Theater, and 2-D/3D fine art. Recently, the Coyote Band and Dance programs have won 1st place and been tournament champions in respective competitions, while Theater and Choir boast accolades for their award winning musicals and festival placements. In addition, CAVPA offers multiple AP courses in the fine arts and has achieved a 99% AP pass rate over the past 9 years!

AGRICULTURE SCIENCE ACADEMY: BPHS is home to one of the top High School Agriculture Program in the area, featuring a complete four-year science pathway capped by two-early college options: Veterinary Science and Horticulture. BPHS student leaders have held positions within the region and state levels, with hundreds of students receiving A-G accredited science course work completion each year.

AFJROTC: BP AFJROTC has earned Distinguished Unit honors every year for the past decade, highlighted by its leadership development and community service focuses. It also boasts Nationally Ranked Academic Bowl and Stellarxplorers academic teams.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Buena Park High School (Continued)

CAREER TECHNICAL EDUCATION: With both an academic and skills-based focus, BPHS offers eight different CTE pathways: Agriscience, Culinary Art & Hospitality, Video Production, Digital Design, AP Computer Science, Automotive Technology, Advanced Robotics & Automated Manufacturing (ARM), and Medical Careers. Each of these pathways offer unique aspects that greatly contribute towards building a well-rounded education foundation. In the past year, BP's ARM program continues to certify the only high school students in the state of California to receive SACA gold level industry certifications.

In addition to the programs mentioned above, Buena Park High School also offers a wide variety of extra and co-curricular programs, led by the largest program on campus, its Athletic Department. With approximately 30% of the student body participating in one or more sports, the recent resurgence in the Athletic accomplishments by our athletes and coaches is a testament to their hard work and dedication to growth and improvement. In just the last few years we have won a CIF Championship in Girls Water Polo (2019), CIF Final runner-ups in Girls Basketball (2023) and Boys Water Polo (2018), Freeway League titles in Football (2016) and Girls Basketball (2024). Over 60% of the athletic programs qualified for CIF playoff berths, with almost a half dozen programs (Boys Soccer, Girls and Boys Water Polo, Girls Basketball, and Boys Baseball) reaching the Semifinals!

As a Destination School, BPHS offers "something for everyone." We have a robust AVID program, Journalism and Yearbook multiyear pathways, an advanced college level Computer Science pathway, and much more. As partners in the educational process, parents and guardians provide the crucial encouragement, monitoring, and support to our children that are vital to their success, and are encouraged to participate in their child's high school progression. Every BPHS student is enrolled to not only gain his or her four-year diploma, but to proceed on to a 2- to 4-year post high school education (8

Year Educational/Career Plan). We focus on the future, because the road to success does not end at BPHS, but rather it begins here! We provide the foundation with which our students use to launch their college and careers.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
La Habra High School

La Habra High School in 2024/2025 was ranked by U.S. News & World Report #4307 out of 17,655 of the best high schools in the nation and #570 out of 1,646 of the best high schools in California. The Advanced Placement participation rate is 30%, with a 73% pass rate of 3 or higher, a 22% improvement over the last four years. La Habra students completed A-G courses at a 57% rate. La Habra has a graduation rate of 98%

La Habra High School was named by Niche.com #164 out of 1702 best high schools for athletics

For the 2022/2023 school year, La Habra was granted six-year WASC accreditation status through June 30, 2029 with a mid-cycle visit during the 2025-2026 school year.

La Habra High School has also been recognized twice as a California Distinguished School, four-time Golden Bell Award recipient, and National Blue Ribbon Nominated School for its comprehensive, specialized educational programs, including the Heritage Humanities Magnet Program, Forensics, Police, and Fire Academy (FPFA), Marketing and Business Academy (MBA), Agricultural Sciences and Mechanics Program, HiARTS Program, and Naval JROTC Program. There are also numerous pathways available to students in Auto Tech, Culinary, Computer Science, Emergency Response (EMT), and Sports Medicine.

La Habra High School has a successful partnership with Fullerton College and Cypress College with our in-school Dual Enrollment Program. In our first year, 97% of all students in the program earned college credit, with 80% earning A's and B's. while taking English, US History, and psychology courses.

Students in our ROP classes have received certifications in Auto (46 students, most in OC), Culinary (175, Food Handler License), Medical Careers (107, Stop the Bleeding), and EMT (13, First Responders). In 24/25 Our Emergency Response Pathway received the National Program of Excellence designation from the Law and Public Safety Education Network.

La Habra High School offers a balanced approach to high school. Students are involved in relevant and rigorous academic academies, programs, and pathways, including an award-winning Advanced Placement and Honors program (Heritage), as well as opportunities to participate in extremely successful athletic teams, clubs, and other extracurricular programs. It is a special institution where the school works collectively as a school family, consisting of students, staff, and parents, to create a family environment that fosters a culture of positivity, acceptance, kindness, dedication, resilience, and success.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)
Fullerton Union High School

Fullerton Union High School in 2024/25 was ranked by US News and World Report #2011 in the national rankings and was ranked #277 in the state of California. We are above the state average in our Math and Reading CASSPP Scores. The Advanced Placement participation rate is 50%. Fullerton Union High School has a 97% graduation rate. Fullerton ranks above the average for students accepted to University of California schools.

We have a rich tradition of academic, athletic, and co-curricular success. It is this commitment to learning that has propelled us to a national ranking in the top 10% of high schools in US News and World Report. FUHS offers a variety of programs not only so students can apply their learning but also so that every student can find their passion and find a place to call their own. There is so much to choose from because our course offerings are as diverse as our student body and represent what is best in schools today.

FUHS has received 11 Golden Bell Awards from the California School Boards Association for Educational Excellence and Innovation. The most recent Golden Bell was awarded in the fall of 2022 to our award-winning Biology, Engineering, Arts, Science, and Technology (BEAST) program. FUHS has been honored three times as a California Distinguished School and has also received the National Exemplary School Designation.

In 2021 the FUHS Academy of the Arts received the CA Exemplary Arts Education Award (EAEA) and is in consideration once again for 2026. "The CEAEA acknowledges individual school sites who demonstrate a commitment to sustained access and equity to standards-aligned arts education programs to all students they serve. These schools serve as model arts programs for the California Department of Education for two years." (CDE). In 2023, FUHS was named a Premiere Community for Theatre Education by the Educational Theatre Association (EdTA). This award is a two year honor that recognizes individual schools that demonstrate outstanding achievement in efforts to provide theatre access and education to all students. We are very proud of the fact that over 67% of our student body takes advantage of our robust arts programs with 34 different arts courses offered.

The mission of Fullerton Union High School is to provide quality curriculum and instruction through a wide range of academic, co-curricular, and extracurricular opportunities by which all students may discover their interests and talents, form connections, and move from passive to active participants in the educational community in preparation for a responsible, productive adulthood.

The core values that bind FUHS together are integrity, caring, creativity, and mutual respect. The school's mission has always been to provide quality curriculum, instruction, and activities to prepare students to be college and career-ready. The curriculum combines rigorous academic programs that include Advanced Placement classes and the International Baccalaureate Diploma with special programs like the Agri-Science Academy, Culinary Academy, Academy of the Arts, JROTC, BEAST (STEAM Program), and Dual Language Academy (DLA)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)

La Vista High School and La Sierra High School

La Vista High School serves as the continuation high school and La Sierra High School serves as the alternative high school for the Fullerton Joint Union High School District. School-based mental health is a core value shared by both campuses. All teachers are trained in Restorative Practices and certified in trauma-informed instruction, ensuring that student support is embedded into daily instructional practice.

In addition, Social-Emotional Learning (SEL) is provided to all students through the school-wide Academy Program. In recognition of its measurable impact on cultivating at-promise students' confidence and self-esteem, improving academic performance, and increasing student engagement, the Academy Program was awarded the California School Boards Association (CSBA) Golden Bell Award in 2023.

Programs within La Vista and La Sierra High Schools

Seven alternative programs operate under the umbrella of La Vista and La Sierra High Schools:

- **La Vista High School** serves students age 16 and older who need credit recovery and a supportive, relationship-centered environment to reach graduation. Through trauma-informed instruction, restorative practices, and structured academic support, students accelerate progress toward earning a high school diploma.
- **I-Sierra Online Academy** provides flexible, standards-aligned online coursework for general education students seeking credit recovery, grade improvement, acceleration, or schedule flexibility due to medical need, work, athletic, or career needs. Students may enroll part-time or full-time and these programs allow the flexibility to help students reach their academic goals.
- **The Opportunity Program** serves 9th and 10th grade students who have experienced significant academic difficulty, providing early intervention and targeted support to re-engage them in school. The program focuses on rebuilding academic confidence, strengthening attendance, and developing skills necessary for long-term success.
- **ABC and ABC+** are tier three intervention programs that serve students who struggle with barriers to academic success. These barriers include struggles with attendance, behavior, social-emotional health, and academics.
- **The Home/Hospital** program provides short-term educational services to students who are unable to attend school due to verified medical conditions. Instruction ensures academic continuity while students focus on recovery and prepares them for a successful transition back to school.
- **The TAPP** program offers instructional services for students who are pregnant or have a child. This program provides educational services on pre-natal care, parenting, and connects students to other services such as day care.
- **The Adult Transition Program** supports students with disabilities who are working toward a Certificate of Completion and preparing for life after high school. ATP focuses on independent living skills, employment readiness, and community integration to support a successful transition into adulthood.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2025**

Significant Accomplishments (Continued)

La Vista High School and La Sierra High School (Continued)

Both La Vista and La Sierra High Schools received a **full six-year term of accreditation** from the Western Association of Schools and Colleges (WASC) in 2023. Both schools are going through a mid-term review during the 2025-2026 school year. The Academy Program was highlighted as an area of commendation in the final WASC report, along with the schools' strong focus on the following CORE values:

- The 12 Highly-Effective Teaching Strategies
- Educational Technology Applications
- School Safety
- School-Based Mental Health

La Vista High School received the Model Continuation High School Award for the 2024–2025 school year, the highest honor a continuation high school can earn. La Vista has maintained this distinction for seventeen consecutive years since first applying through the California Department of Education.

Through the dedication and hard work of faculty and staff, the following honors were recognized during the 2024-2025 school year.

- Maria Izurieta Continuation School – Classified Employee of the Year, Region 1 for 2025
- Jill Brand – Finalist, Orange County Classified Employee of the Year for 2025
- Al Rabanera – 2025 Outstanding K–12 STEM Educator; featured in CDE Newsletter for STEAM work; Aspen Ideas Festival Panelist
- Charlotte Dobyns – 2024–2025 North Orange County SELPA Above and Beyond Award
- Joey Flores – ROP Teacher of the Year 2025
- Maryann Palencia – Presenter, National Association of Biology Teachers Professional Development Conference, awarded in 2025
- Lisa Valdes – Executive Board Member, California Consortium for Independent Study in 2025
- Al Rabanera and Maryann Palencia – Presenters, STEAM Symposium, San Diego, awarded in 2025

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

This section of Fullerton Joint Union High School District's (the District) annual financial report presents the District's discussion and analysis of its financial performance during the fiscal year that ended on June 30, 2025. This should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The Fund Financial Statements include statements for each of the two categories of activities: governmental and fiduciary. The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the District.

Financial Highlights

- LCFF Sources - The District received approximately \$183.1 million (\$79.5 million in state LCFF and \$103.6 million in local taxes) in 2023/24 compared to \$183.2 million (\$87.0 million in state LCFF and \$96.2 million in local taxes) in 2022/23. This represents a decrease of \$90 thousand.
- Federal, Other State, & Local Sources - The District received and reported \$51.4 million in Federal, Other State, & Local Revenue in the General Fund in 2023/24, compared to approximately \$65.6 million in Federal, Other State, & Local Revenue in the General Fund in 2022/23. This represents a decrease of \$14.2 million.
- Collective bargaining agreements with all employee groups were settled through June 30, 2028.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Financial Highlights (Continued)

- An agreement was entered on May 9, 2025 between the District and the Fullerton Secondary Teachers' Organization (FSTO).
 - The 2025/26 salary schedules shall be increased by 2%, which represents eighty-two point four percent (82.4%, rounded up to the nearest hundredth) of the projected statutory COLA (2.43%) for the 2025/26 fiscal year. This 2% increase will be applied to the certificated salary schedule effective July 1, 2025. Additionally, an off-schedule payment of 2% shall be paid at the end of the 2025/26 school year. This one-time 2% payment shall be applied to the May 2026 paycheck. Business services will verify active employees as of April 1, 2026, and calculate the one-time 2% payment based on each employee's annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the date of hire).
 - Effective the 2026/27 salary schedule shall be increased by sixty percent (60%) of the statutory final funded 2026/27 COLA, rounded up to the nearest hundredth, plus any funded on-going augmentations as set forth in the State Budget Act for 2026-2027 (e.g. if the funded COLA is 3.52%, 2.11% will be applied to the certificated salary schedule effective July 1, 2026). Ongoing augmentation is a permanent increase to the base funding that is separate from, and in addition to, any statutory Cost-of-Living Adjustment (COLA). Additionally, an off-schedule payment of 2% shall be paid at the end of the 2026/27 school year. This one-time 2% payment shall be applied to the May 2027 paycheck. Business services will verify active employees as of April 1, 2027, and calculate the one-time 2% payment based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the date of hire).
 - Effective the 2027/28 salary schedule shall be increased by fifty percent (50%) of the statutory final funded 2027/28 COLA, rounded up to the nearest hundredth, plus any funded on-going augmentations as set forth in the State Budget Act for 2027/28 (e.g. if the funded COLA is 3.63%, 1.82% will be applied to the certificated salary schedule effective July 1, 2027). Ongoing augmentation is a permanent increase to the base funding that is separate from, and in addition to, any statutory Cost-of-Living Adjustment (COLA). Additionally, an off-schedule payment of 2% shall be paid at the end of the 2027/28 school year. This one-time 2% payment shall be applied to the May 2028 paycheck. Business services will verify active employees as of April 1, 2028, and calculate the one-time 2% payment based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the date of hire).
- The District and the California School Employees Association (CSEA) Chapter 82 entered into an agreement on May 22, 2025.
 - The 2025/26 salary schedules shall be increased by 2%, which represents eighty-two point four percent (82.4%, rounded up to the nearest hundredth) of the projected statutory COLA (2.43%) for the 2025/26 fiscal year. This 2% increase will be applied to the certificated salary schedule effective July 1, 2025. Additionally, an off-schedule payment of 2% shall be paid at the end of the 2025/26 school year. This one-time 2% payment shall be applied to the June 2026 paycheck. Business services will verify active employees as of May 1, 2026, and calculate the one-time 2% payment based on each employee's annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the date of hire).

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Financial Highlights (Continued)

- Effective the 2026/27 salary schedule shall be increased by sixty percent (60%) of the statutory final funded 2026/27 COLA, rounded up to the nearest hundredth, plus any funded on-going augmentations as set forth in the State Budget Act for 2026-2027 (e.g. if the funded COLA is 3.52%, 2.11% will be applied to the certificated salary schedule effective July 1, 2026). Ongoing augmentation is a permanent increase to the base funding that is separate from, and in addition to, any statutory Cost-of-Living Adjustment (COLA). Additionally, an off-schedule payment of 2% shall be paid at the end of the 2026/27 school year. This one-time 2% payment shall be applied to the June 2027 paycheck. Business services will verify active employees as of May 1, 2027, and calculate the one-time 2% payment based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the date of hire).

- Effective the 2027/28 salary schedule shall be increased by fifty percent (50%) of the statutory final funded 2027/28 COLA, rounded up to the nearest hundredth, plus any funded on-going augmentations as set forth in the State Budget Act for 2027/28 (e.g. if the funded COLA is 3.63%, 1.82% will be applied to the certificated salary schedule effective July 1, 2027). On-going augmentation is a permanent increase to the base funding that is separate from, and in addition to, any statutory Cost-of-Living Adjustment (COLA). Additionally, an off-schedule payment of 2% shall be paid at the end of the 2027/28 school year. This one-time 2% payment shall be applied to the June 2028 paycheck. Business services will verify active employees as of May 1, 2028, and calculate the one-time 2% payment based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the date of hire).

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and deferred outflow and all liabilities and deferred inflows of the District using the full-accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes therein. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, District activities are separated as follows:

Governmental Activities – The District reports all of its services in this category. This includes supporting student achievement in the education of ninth through twelve grade students, the operation of adult education programs, compensation for employee salary and benefit costs, and improving and maintaining District facilities. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bond proceeds, finance these activities.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. The District uses internal service funds (a type of proprietary fund) to report activities of the District's self-insured dental program. The internal service funds are consolidated with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, nonobligatory debt of the Fullerton Joint Union High School District Community Facilities District. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position* and the *Statement of Changes Fiduciary Net Position*. The District excludes these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

THE DISTRICT AS A WHOLE

Net Position

Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	June 30, 2025	June 30, 2024
ASSETS		
Current and Other Assets	\$ 296,146,903	\$ 177,387,735
Capital Assets	329,279,808	322,137,162
Total Assets	625,426,711	499,524,897
 DEFERRED OUTFLOWS OF RESOURCES	 63,176,990	 64,938,984
LIABILITIES		
Current Liabilities	18,482,230	16,881,633
Long-Term Liabilities	526,122,384	418,649,824
Total Liabilities	544,604,614	435,531,457
 DEFERRED INFLOWS OF RESOURCES	 26,911,957	 25,620,240
NET POSITION		
Net Investment in Capital Assets	148,895,832	139,736,180
Legally Restricted	47,870,078	52,113,457
Unrestricted	(79,678,780)	(88,537,453)
Total Net Position	\$ 117,087,130	\$ 103,312,184

The District's net position was \$117,087,130 for the fiscal year ended June 30, 2025, reflecting an increase from prior year of \$13,774,946. Of this amount, \$47,870,078 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations.

The (\$79,678,780) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The June 30, 2025 unrestricted net position increased \$8,858,673 compared to June 30, 2024.

In addition, the changes in long-term liabilities and deferred inflows and outflows of resources is related to the recording of changes in postemployment healthcare benefit obligations and the recording of changes in pension related obligations. Refer to Notes 8, 12 and 13 for further discussion.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* in the District's financial statements. Table 2 takes the information from the statement and rearranges it slightly so the reader can identify the District's total revenues for the year.

Table 2

	Governmental Activities	
	June 30, 2025	June 30, 2024
REVENUES		
Program Revenues:		
Charges for Services	\$ 233,477	\$ 326,575
Operating Grants and Contributions	45,847,517	61,239,216
General Revenues:		
Property Taxes	120,248,300	111,853,615
Federal and State Aid Unrestricted	84,225,640	92,907,176
Interest, Investment, and Miscellaneous	12,619,725	13,776,071
Total Revenues	<u>263,174,659</u>	<u>280,102,653</u>
EXPENSES		
Instruction and Instruction Related Services	140,200,439	138,521,029
Pupil Services	29,924,518	30,141,958
Ancillary, Community, and Enterprise Activities	9,605,347	8,897,327
General Administration	16,020,890	15,990,762
Plant Services	19,198,184	17,488,631
Other Outgo	9,715,255	6,691,495
Debt Service - Interest	5,741,688	5,912,670
Depreciation/Amortization (Unallocated)	18,993,392	14,799,897
Total Expenses	<u>249,399,713</u>	<u>238,443,769</u>
CHANGE IN NET POSITION	13,774,946	41,658,884
Net Position - Beginning of Year	<u>103,312,184</u>	<u>61,653,300</u>
NET POSITION - END OF YEAR	<u>\$ 117,087,130</u>	<u>\$ 103,312,184</u>

As shown above in Table 2, the cost of all governmental activities in fiscal year 2024/25 was \$249,399,713. Federal and state unrestricted revenues totaled \$84,225,640, local property tax revenue totaled \$120,248,300, and other local revenues – including contributions and donations totaled \$12,619,725.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds reported a combined fund balance of \$273,881,153, which is an increase of \$118,478,585 from the prior year (see Table 3 below).

Table 3

	June 30, 2025	June 30, 2024
REVENUES	\$ 270,030,753	\$ 281,236,308
EXPENDITURES	275,357,619	274,157,766
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,326,866)	7,078,542
OTHER FINANCING SOURCES (USES)	123,805,451	390,320
NET CHANGES IN FUND BALANCE	118,478,585	7,468,862
Fund Balances - Beginning of Year	155,402,568	147,933,706
FUND BALANCES - END OF YEAR	\$ 273,881,153	\$ 155,402,568

The primary reason for this net increase is due to recognizing revenues from one-time dollars provided by state grants.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

THE DISTRICT'S FUNDS (CONTINUED)

Of these funds, the District's general operating fund, the General Fund consists of activity in the General Fund (Fund 01), the Deferred Maintenance Fund (Fund 14), the Special Reserve Fund for Other than Capital Outlay (Fund 17), and the Special Reserve Fund (Fund 20). Below is a table showing changes from 2023/24 to 2024/25:

Table 4

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change</u>
REVENUES	\$ 234,932,247	\$ 249,371,499	\$ (14,439,252)
EXPENDITURES	<u>239,624,792</u>	<u>234,439,132</u>	<u>5,185,660</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,692,545)	14,932,367	(19,624,912)
OTHER FINANCING SOURCES (USES)	<u>(650,000)</u>	<u>(2,259,680)</u>	<u>1,609,680</u>
NET CHANGES IN FUND BALANCE	(5,342,545)	12,672,687	(18,015,232)
Fund Balances - Beginning of Year	<u>104,867,802</u>	<u>92,195,115</u>	<u>12,672,687</u>
FUND BALANCES - END OF YEAR	<u>\$ 99,525,257</u>	<u>\$ 104,867,802</u>	<u>\$ (5,342,545)</u>

The primary reason for the change in fund balance include:

- State funding related to COVID-19 (LREBG) as a result of the "Cayla J. v. California" the district decided to spend 100% of the allocated funds

General Fund Budgetary Highlights

In June of each year, a Budget is adopted by the Board of Trustees, effective July 1 through June 30 for the fiscal year. The "Adopted Budget" is developed based on on-going operational expenditures without carryover and one-time unanticipated new revenues. As the school year progresses, the Budget is revised and updated regularly. The final revision of the Budget, which is also known as the Estimated Actuals Budget is presented in June, toward the end of the fiscal year. In August following the close of the fiscal year, the books are closed, and the results are audited, yielding the Final Budget and numbers which are included in the Annual Financial Report.

A schedule of budgetary comparison for the General Fund can be found on page 81. The key differences between the Adopted Budget, the Estimated Actuals Budget, and Final Budget are attributable to adjusted revenue and expenditures projections and carryovers amounts.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had \$329,279,808 in a broad range of capital assets (net of depreciation/amortization), including land, buildings, furniture and equipment. This amount represents a net increase (including additions, retirements, and depreciation/amortization) of \$7,142,646. This was primarily related to modernization projects at various campuses as well as kitchen upgrade projects throughout the District.

Table 5

	June 30, 2025	June 30, 2024
Land	\$ 3,485,921	\$ 3,485,921
Construction in Progress	9,368,947	16,955,546
Buildings and Improvements	455,285,967	424,377,968
Equipment	35,889,790	33,075,152
Right-to-Use Lease Equipment	-	400,340
SBITA Assets	390,320	695,228
Total Accumulated Depreciation/Amortization	(175,141,137)	(156,852,993)
Total	\$ 329,279,808	\$ 322,137,162

Long-Term Liabilities

At the end of the fiscal year, the District had \$526,122,384 in long-term liabilities versus \$416,274,895 the prior fiscal year. This increase is primarily attributable to an increase in net OPEB and net pension liability. Additional information on these increases can be found at Notes 8, 12 and 13.

Table 6

	June 30, 2025	June 30, 2024
General Obligation (GO) Bonds	\$ 304,058,917	\$ 186,989,073
Certificates of Participation (COP)	14,792,631	15,766,859
Lease Payable	-	93,062
Subscription Payable	174,355	338,741
Compensated Absences	7,822,406	1,738,712
Total/Net OPEB Liability	65,287,303	65,883,211
Net Pension Liability	133,986,772	147,840,166
Total	\$ 526,122,384	\$ 418,649,824

The state limits the amount of general obligation debt that districts can issue to 1.25% of the assessed value of all taxable property within the District's boundaries. This is also known as the District's bonding capacity.

Pension liabilities are paid based on funding rates set by the respective retirement plan. Post-employment healthcare benefits are funded on a pay-as-you-go basis.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

State Budget and 2024/25 LCFF – In 2013/14, the State implemented the Local Control Funding Formula (LCFF). This funding model formula establishes a base with supplemental and concentration add-ons for English learners, free and reduced-price meal eligible students and foster youth students.

Under LCFF, the District will plan for program needs based on input from a variety of District stakeholders including community members, administrators, certificated and classified staff, bargaining associations, parents, and students. This information is used to develop the District's Local Control Accountability Plan (LCAP). The District budgets LCFF funds in support of the LCAP.

The LCFF consists of two calculations - one is done for the base grant entitlement where the grade span per-pupil grants are increased annually for a Cost-of-Living adjustment (COLA) while the other calculation is done for the Supplemental and Concentration grants. Supplemental and Concentration grant increases are calculated based on the percentage of total enrollment accounted for by English learners, free and reduced-price meal (FRPM) program eligible students, and foster youth. The District does not qualify for the Concentration grant as the eligible student count does not exceed 55% of the District's enrollment.

Below is information related to the projected LCFF amounts reported in the 2025/26 adopted budget:

	2025/26	2026/27	2027/28
COLA	1.07%	2.93%	3.08%
LCFF Amount	\$181,343,060	185,249,001	\$188,792,952

Projected Student Average Daily Attendance – At the time the 2025/26 Adopted Budget was presented to the board, District ADA was projected to decline in the 2025/26 school year of 225 students. The 2025/26 Enrollment and ADA estimates will be revised as new information is received. Since the District is in declining enrollment, the 2025/26, 2026/27 and 2027/28 Local Control Funding Formula revenues will be calculated based on a three-year rolling average (prior three year ADA numbers).

Lottery – Lottery income projected as of the 2025/26 Adopted Budget for years 2025/26, 2026/27 and 2027/28 is based on estimates from the State Department of Education, the Orange County Department of Education, and School Services of California. Projected 2025/26 lottery income by School Services of California is \$190 per ADA for unrestricted uses, and \$82 per ADA for restricted uses and holds at that level for the next several years.

Special Education – It is estimated that the District will receive somewhat level funding for Special Education in 2025/26. Based on the 2025/26 Adopted Budget, the General Fund contribution in support of various Special Education programs will be approximately \$17.7 million.

Ending Fund Balance Projection – The District's 2024/25 ending fund balance and projected 2025/26, 2026/27 ending fund balance are projected to meet the required 3% contingency reserve requirement.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact:

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Fullerton Joint Union School District
1051 West Bastanchury Road
Fullerton, California, 92833-2247

Phone: 714-870-2810
E-mail: ruhernandez@fjuhsd.org

FINANCIAL SECTION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash in County Treasury	\$ 275,528,594
Cash and Cash Equivalents	3,486,874
Accounts Receivable	15,727,758
Lease Receivable - Current	106,946
Stores	115,644
Prepaid Expenses	22,970
Lease Receivable - Noncurrent	1,158,117
Land	3,485,921
Construction in Progress	9,368,947
Capital Assets Being Depreciated and Amortized, Net	316,424,940
Total Assets	625,426,711
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Loss on Refunding	646,232
Deferred Outflows - Other Postemployment Benefits Other Than Pensions (OPEB)	17,776,901
Deferred Outflows - Pensions	44,753,857
Total Deferred Outflows of Resources	63,176,990
LIABILITIES	
Accounts Payable and Other Current Liabilities	12,776,089
Accrued Interest	4,661,785
Unearned Revenue	955,772
Claims Liability (IBNR)	88,584
Long-Term Liabilities:	
Due Within One Year Other Than OPEB and Pensions	10,249,196
Due Within One Year - OPEB	2,917,137
Due in More Than One Year Other Than OPEB and Pensions	316,599,113
Due in More Than One Year - OPEB	62,370,166
Net Pension Liability	133,986,772
Total Liabilities	544,604,614
DEFERRED INFLOWS OF RESOURCES	
Unavailable Inflows of Resources	1,174,871
Deferred Inflows - Gain on Refunding	403,228
Deferred Inflows - OPEB	9,899,705
Deferred Inflows - Pensions	15,434,153
Total Deferred Inflows of Resources	26,911,957
NET POSITION	
Net Investment in Capital Assets	148,895,832
Restricted for:	
Capital Projects	3,354,731
Debt Service	9,370,952
Educational Programs	16,889,606
Self-Insurance Programs	7,270,434
Food Service Programs	7,806,446
Student Activity Programs	3,177,909
Unrestricted	(79,678,780)
Total Net Position	\$ 117,087,130

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 116,259,964	\$ 22,115	\$ 17,960,536	\$ (98,277,313)
Instruction - Related Services	23,940,475	-	1,304,623	(22,635,852)
Pupil Services	29,924,518	78,379	9,000,346	(20,845,793)
Ancillary Services	9,411,000	84,443	6,206,065	(3,120,492)
Enterprise Activities	194,347	-	-	(194,347)
General Administration	16,020,890	48,540	906,442	(15,065,908)
Plant Services	19,198,184	-	4,843,009	(14,355,175)
Other Outgo	9,715,255	-	5,626,496	(4,088,759)
Debt Service - Interest	5,741,688	-	-	(5,741,688)
Depreciation (Unallocated)	18,672,915	-	-	(18,672,915)
Amortization (Unallocated)	320,477	-	-	(320,477)
Total Governmental Activities	\$ 249,399,713	\$ 233,477	\$ 45,847,517	(203,318,719)
GENERAL REVENUES				
Property Taxes Levied for:				
General Purposes				103,624,618
Debt Service				12,503,092
Other Specific Purpose				4,120,590
Federal and State Aid Not Restricted to				
Specific Purposes				84,225,640
Interest and Investment Earnings				5,313,766
Developer Fees				2,518,344
Miscellaneous				4,787,615
Total General Revenues				217,093,665
CHANGES IN NET POSITION				13,774,946
Fund Balances - Beginning of Year				103,312,184
NET POSITION - END OF YEAR				\$ 117,087,130

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash in County Treasury	100,296,299	136,827,306	33,245,310	270,368,915
Cash in Banks	25,000	-	3,176,762	3,201,762
Cash in Revolving Fund	75,000	-	10,112	85,112
Accounts Receivable	14,295,622	461,878	873,336	15,630,836
Lease Receivable - Current	106,946	-	-	106,946
Due from Other Funds	178,373	1,981,478	-	2,159,851
Stores	76,658	-	38,986	115,644
Prepaid Expenditures	22,970	-	-	22,970
Lease Receivable - Noncurrent	1,158,117	-	-	1,158,117
Total Assets	116,234,985	139,270,662	37,344,506	292,850,153
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	10,672,417	858,239	1,122,043	12,652,699
Due to Other Funds	3,975,776	13,500	196,382	4,185,658
Unearned Revenue	886,664	-	69,108	955,772
Total Liabilities	15,534,857	871,739	1,387,533	17,794,129
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Leases	1,174,871	-	-	1,174,871
Total Deferred Inflows of Resources	1,174,871	-	-	1,174,871
FUND BALANCES				
Nonspendable	174,628	-	49,098	223,726
Restricted	16,889,606	138,398,923	28,322,725	183,611,254
Committed	47,547,727	-	7,585,150	55,132,877
Assigned	18,185,081	-	-	18,185,081
Unassigned	16,728,215	-	-	16,728,215
Total Fund Balances	99,525,257	138,398,923	35,956,973	273,881,153
Total Liabilities and Fund Balances	116,234,985	139,270,662	37,344,506	292,850,153

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Fund Balances - Governmental Funds \$ 273,881,153

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds.

These assets consist of:

Land	\$ 3,485,921	
Construction in Progress	9,368,947	
Capital Assets Being Depreciated and Amortized, Net	316,424,940	329,279,808

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.

Long-term liabilities at year-end consist of:

General Obligation Bonds	(304,058,917)	
Certificates of Participation (COP)	(14,792,631)	
Subscription Payable	(174,355)	
Compensated Absences	(7,822,406)	
Total/Net OPEB Liability	(65,287,303)	
Net Pension Liability	(133,986,772)	(526,122,384)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred Outflows - Loss on Refunding	646,232	
Deferred Outflows - OPEB	17,776,901	
Deferred Outflows - Pensions	44,753,857	
Deferred Inflows - Gain on Refunding	(403,228)	
Deferred Inflows - OPEB	(9,899,705)	
Deferred Inflows - Pensions	(15,434,153)	37,439,904

An internal service funds is used by the District to manage its self insurance programs. The assets and liabilities should be included with governmental activities. The fund consists of:

Assets	7,482,408	
Less: Liabilities	(211,974)	7,270,434

Interest expense payable related to general obligation bonds and COP was incurred but is not accrued in governmental funds as of June 30

(4,661,785)

Total Net Position - Governmental Activities

\$ 117,087,130

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula (LCFF):				
State Apportionments	\$ 79,523,691	\$ -	\$ -	\$ 79,523,691
Local Sources	103,570,312	-	-	103,570,312
Total LCFF Sources	183,094,003	-	-	183,094,003
Federal Sources	7,603,887	-	3,224,174	10,828,061
Other State Sources	19,718,117	-	2,898,205	22,616,322
Other Local Sources	24,516,240	6,487,669	22,508,458	53,512,367
Total Revenues	234,932,247	6,487,669	28,630,837	270,050,753
EXPENDITURES				
Instruction	125,793,310	-	-	125,793,310
Instruction - Related Services	25,764,937	-	-	25,764,937
Pupil Services	26,938,764	-	4,784,833	31,723,597
Ancillary Services	3,554,460	-	5,788,188	9,342,648
Enterprise Activities	190,116	-	-	190,116
General Administration	16,299,503	621,800	151,529	17,072,832
Plant Services	34,510,216	6,606,359	2,474,203	43,590,778
Other Outgo	6,573,486	1,514,266	1,627,503	9,715,255
Debt Service	-	-	12,164,146	12,164,146
Total Expenditures	239,624,792	8,742,425	26,990,402	275,357,619
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,692,545)	(2,254,756)	1,640,435	(5,306,866)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	120,000,000	-	120,000,000
Premium from Sale of Bonds	-	-	3,785,451	3,785,451
Interfund Transfers In	-	-	650,000	650,000
Interfund Transfers Out	(650,000)	-	-	(650,000)
Total Other Financing Sources (Uses)	(650,000)	120,000,000	4,435,451	123,785,451
NET CHANGES IN FUND BALANCE	(5,342,545)	117,745,244	6,075,886	118,478,585
Fund Balances - Beginning of Year	104,867,802	20,653,679	29,881,087	155,402,568
FUND BALANCES - END OF YEAR	<u>\$ 99,525,257</u>	<u>\$ 138,398,923</u>	<u>\$ 35,956,973</u>	<u>\$ 273,881,153</u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ 118,478,585

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital Asset Additions	\$ 26,136,038	
Depreciation and Amortization Expense	<u>(18,993,392)</u>	7,142,646

Issuance of long-term liabilities are reported as proceeds or issuances in the governmental funds, but as increases in long-term liabilities in the statement of net position.

Issuance of General Obligation (GO) Bonds	(120,000,000)	
Premium from GO Bonds	<u>(3,785,451)</u>	(123,785,451)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

GO Bond Principal Payments	5,570,000	
Certificates of Participation (COP) Principal Payments	860,000	
Lease Payable Principal Payments	93,062	
Subscription Payable Principal Payments	<u>164,386</u>	6,687,448

In governmental funds, OPEB costs are recognized when the health and welfare payments are made, but in the statement of activities, OPEB costs are recognized on the accrual basis. The difference between accrual basis OPEB costs and actual health and welfare payments:

2,929,038

In governmental funds, pension costs are recognized when the employer contributions are made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contributions was:

8,215,638

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Amortization of Deferred Gain/Loss on Refunding Bonds	109,930	
Increase in Accrued Interest	(1,634,755)	
Amortization of COP and GO Bond Premiums	1,259,835	
Increase in Compensated Absences	<u>(6,083,694)</u>	(6,348,684)

Internal service funds are used by the District to manage self insurance programs. Net income is reported with governmental activities.

455,726

Change in Net Position of Governmental Activities \$ 13,774,946

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	Governmental Activities Self-Insurance Fund
ASSETS	
Cash in County Treasury	\$ 5,159,679
Cash in Banks	200,000
Accounts Receivable	96,922
Due from Other Funds	2,025,807
Total Assets	7,482,408
LIABILITIES	
Accounts Payable	123,390
Claims Liability and Estimated Liability for Open Claims Incurred but Not Recorded (IBNR)	88,584
Total Liabilities	211,974
NET POSITION	
Restricted for Self-Insurance Programs	7,270,434
Total Net Position	\$ 7,270,434

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities Self-Insurance Fund
OPERATING REVENUES	
Self-Insurance Premiums	\$ 27,111,799
Total Operating Revenues	27,111,799
OPERATING EXPENSES	
Employee Benefits	82,776
Books and Supplies	8,017
Services and Other Operating Expenses	26,761,112
Total Operating Expenses	26,851,905
OPERATING INCOME	259,894
NONOPERATING REVENUES	
Interest Income	195,832
Total Nonoperating Revenues	195,832
NET INCOME	455,726
Net Position - Beginning of Year	6,814,708
NET POSITION - END OF YEAR	\$ 7,270,434

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025**

	Governmental Activities Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Premiums and Other Revenues	\$ 26,826,843
Cash Paid to/on Behalf of Employees	(82,776)
Cash Paid to Vendors for Services and Other Operating Expenses	(26,763,851)
Net Cash Used by Operating Activities	(19,784)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	195,832
Net Cash Provided by Investing Activities	195,832
NET INCREASE IN CASH AND CASH EQUIVALENTS	176,048
Cash - Beginning of Year	5,183,631
CASH - END OF YEAR	\$ 5,359,679
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ 259,894
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(77,765)
Due from Other Funds	(207,191)
Accounts Payable	5,278
Net Cash Used by Operating Activities	\$ (19,784)
Cash and cash equivalents balances at June 30, 2025 consisted of the following:	
Cash in County Treasury	\$ 5,159,679
Cash in Banks	200,000
Total Cash and Cash Equivalents	\$ 5,359,679

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2025**

	Debt Service Custodial Fund for Special Tax Bonds
ASSETS	
Cash in County Treasury	\$ 367,386
Cash with Fiscal Agent	127,825
Accounts Receivable	1,281
Total Assets	496,492
 NET POSITION	
Restricted for Debt Service	496,492
Total Net Position	\$ 496,492

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
YEAR ENDED JUNE 30, 2025**

	Debt Service Custodial Fund for Special Tax Bonds
ADDITIONS	
Property Taxes Levied for Debt Service	\$ 231,434
Interest Income	18,547
Total Additions	249,981
DEDUCTIONS	
Debt Service - Principal	300,000
Debt Service - Interest	43,679
Payment to District	20,000
Total Deductions	363,679
CHANGE IN NET POSITION	(113,698)
Net Position - Beginning of Year	610,190
NET POSITION - END OF YEAR	\$ 496,492

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities displays information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds. Fiduciary funds are excluded.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation, amortization and interest expense have not been allocated to specific functions.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary and proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction

Includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services

Includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services

Includes home to school transportation, food services, and other pupil services.

Ancillary Services

Includes activities that are generally designed to provide students with experiences outside the regular school day.

Enterprise Activities

Includes activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs are financed or recovered primarily through user charges. This function is used with the self-insurance fund.

General Administration

Includes data processing services and all other general administration services.

Plant Services

Includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo

Includes transfers to other agencies.

Debt Service

Includes principal and interest payments for long term debt.

The proprietary and fiduciary fund expenses are presented by natural classification.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The statement of revenues, expenditures, and changes in fund balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: used to account for all financial resources except those accounted for in another fund. The Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay, and the Special Reserve Fund for Postemployment Benefits have been consolidated with the General Fund. These funds no longer meet the special revenue fund definition as they are no longer primarily composed of restricted or committed revenue sources.

Building Fund: used to account for the issuance of general obligation bonds and certificates of participation and the construction, renovation and repair of classrooms and District facilities. Debt service associated with the issuance of certificates of participation is also recorded in the building fund.

Governmental Funds – Nonmajor

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Student Activity Special Revenue Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The amounts reported represent the combined totals of all schools within the District that operate Associated Student Body Funds.

Cafeteria Fund: used to account for revenues received and expenditures made to operate the District's cafeterias.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds – Nonmajor (Continued)

Capital Projects Funds: used to account for the financial resources that are restricted or committed for the acquisition and/or construction of major governmental fixed assets.

Capital Facilities Fund: used to account for resources received from residential and commercial developer impact fees.

County School Facilities Fund: used to account for the School Facility Program grant award for modernization and new construction of various school sites.

Special Reserve for Capital Outlay Projects: used to account for funds set aside for the maintenance of the Plummer Auditorium Pipe Organ.

Capital Projects Fund for Blended Component Units: used to account for capital projects financed by Mello–Roos Community Facilities Districts and similar entities that are considered blended component units of the District under accounting principles generally accepted in the United States of America.

Debt Service Funds: used to account for the financial resources that are restricted and the accumulation of resources for, the payment of general long-term debt principal, interest, and related costs.

Bond Interest and Redemption Fund: used to account for the payment of principal and interest on general obligation bonds.

Proprietary Funds

Internal Service Fund: used to account for services rendered on a cost-reimbursement basis within the District. The District operates a self–insured dental program that is accounted for in the internal service fund.

Fiduciary Funds

Debt Service Fund for Special Tax Bonds: used to account for the accumulation of resources for the payment of the principal and interest on the special tax bonds issued by the 2005–1 CFD.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of 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, with the exception of state apportionment, interest and reimbursement grants which are considered available as collectible within one year.

Government-wide, proprietary, and fiduciary financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Stores

Stores consists of expendable supplies held for consumption. Stores stated at cost, on the weighted average basis.

Prepaid Expenses/Expenditures

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which goods or services are consumed.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Buildings and Improvements	15 to 50 Years
Equipment	5 to 20 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows/Inflows – Loss/Gain on Refunding

The deferred outflows/inflows of resources related to the loss/gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

Deferred Outflows/Inflows – OPEB

The deferred outflows/inflows of resources related to OPEB benefits resulted from the effects of actuarially determined changes to the OPEB plan. Deferred outflows – OPEB will be deferred and amortized as detailed in Note 12 to the financial statements.

Deferred Outflows/Inflows – Pensions

The deferred outflows/inflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 13 to the financial statements.

Unearned Revenue

Cash received for federal, and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash is received for fees not earned.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave.

The liability for compensated absences is reported as incurred in the governmentwide fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. The policy also permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Premiums and discounts on issued debt are deferred and amortized over the life of the obligation using the interest method. Debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Net Pension Liability

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 California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (collectively, the Plans) 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, plan contributions are recognized in the payroll period in which they are earned and 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.

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws, or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification (Continued)

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Trustees, through a formal action has given authority to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment functions.

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the state Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state in calculating the local control funding formula apportionment. Property taxes for debt service purposes cannot be estimated and have, therefore, not been accrued in the government-wide financial statements.

On-Behalf Payments

Accounting principles generally accepted in the United States of America requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California.

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from nonoperating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as food service sales, federal and most state and local grants and contracts, and self-insurance premiums. Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present, and that the dependent unit should be reported as part of the other. The following potential component unit has been included in the District's reporting entity:

Fullerton Joint Union High School District Education Foundation (the Foundation):

The Foundation is a separate not-for-profit corporation. Certificates of participation issued by the Foundation are included as long-term obligations in the statement of net position. Individually prepared financial statements are not prepared for the Foundation.

Fullerton Joint Union High School District Community Facilities District (the CFD):

The CFD's financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units, included in the governmental funds of the District. The accumulation of resources for the payment of principal and interest on the special tax bonds issued by the CFD are included in the statement of fiduciary net position. Special Tax Bonds issued by the CFD are not included as long-term obligations in the statement of net position, as they are not obligations of the District; see Note 11 (nonobligatory debt). Individually prepared financial statements are not prepared for the CFD.

NOTE 2 BUDGETS

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with accounting principles generally accepted in the United States of America.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 CASH AND CASH EQUIVALENTS

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 has established a policy for custodial risk that follows requirements as set forth in Education Code 41002.5. As of June 30, 2025, \$2,976,456 of the District's bank balance of \$3,357,546 was exposed to credit risk as it was uninsured and collateral was held by the pledging bank's trust department, not in the District's name.

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2025 is measured at 101.1% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the County of Orange Auditor-Controller's Office, Hall of Finance and Records, 12 Civic Center Plaza, Room 200, Santa Ana, California, 92702.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 ACCOUNTS RECEIVABLE

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

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal and State	\$ 4,616,632	\$ -	\$ 673,112	\$ 5,289,744
Miscellaneous	9,678,990	461,878	200,224	10,341,092
Total Accounts Receivable	\$ 14,295,622	\$ 461,878	\$ 873,336	\$ 15,630,836
	Self-Insurance Fund			Total Governmental Activities
Federal and State	\$ -			\$ 5,289,744
Miscellaneous	96,922			10,438,014
Total Accounts Receivable	\$ 96,922			\$ 15,727,758

NOTE 5 INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2025 are temporary balances resulting in timing of cash transfers between funds during the closing of the fiscal year, and are detailed as follows:

	Interfund Receivables	Interfund Payables
Major Fund:		
General Fund	\$ 178,373	\$ 3,975,776
Building Fund	1,981,478	13,500
Nonmajor Governmental Funds:		
Cafeteria Fund		196,382
Proprietary Funds:		
Internal Service	2,025,807	-
Total	\$ 4,185,658	\$ 4,185,658

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Intra-fund activity has been eliminated. Interfund transfers for the 2024-25 fiscal year are as follows:

Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects to Cover Construction Costs.	\$ 650,000
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**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 FUND BALANCES

The following amounts were nonspendable, restricted, committed, assigned, or unassigned as shown below:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Cash in Revolving Fund	\$ 75,000	\$ -	\$ 10,112	\$ 85,112
Stores	76,658	-	38,986	115,644
Prepaid Expenditures	22,970	-	-	22,970
Total Nonspendable	174,628	-	49,098	223,726
Restricted:				
Legally Restricted Programs	16,889,606	-	-	16,889,606
Child Nutrition Program	-	-	7,758,828	7,758,828
Debt Service	-	-	14,032,737	14,032,737
Capital Projects	-	138,398,923	3,354,731	141,753,654
Student Activity Funds	-	-	3,176,429	3,176,429
Total Restricted	16,889,606	138,398,923	28,322,725	183,611,254
Committed:				
Future Board Purposes	47,547,727	-	-	47,547,727
Capital Projects	-	-	7,585,150	7,585,150
Total Committed	47,547,727	-	7,585,150	55,132,877
Assigned:				
Deferred Maintenance	1,463,447	-	-	1,463,447
Postemployment Benefits	9,560,042	-	-	9,560,042
Other Assignments	7,150,000	-	-	7,150,000
Special Reserve Capital Outlay	11,592	-	-	11,592
Total Assigned	18,185,081	-	-	18,185,081
Unassigned:				
Economic Uncertainties	7,160,000	-	-	7,160,000
Unassigned	9,568,215	-	-	9,568,215
Total Unassigned	16,728,215	-	-	16,728,215
Total Fund Balance	\$ 99,525,257	\$ 138,398,923	\$ 35,956,973	\$ 273,881,153

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets Not Being Depreciated:				
Land	\$ 3,485,921	\$ -	\$ -	\$ 3,485,921
Construction in Progress	16,955,546	14,642,885	22,229,484	9,368,947
Total Capital Assets, Not Being Depreciated	<u>20,441,467</u>	<u>14,642,885</u>	<u>22,229,484</u>	<u>12,854,868</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	424,377,968	30,907,999	-	455,285,967
Equipment	33,075,152	2,814,638	-	35,889,790
Total Capital Assets, Being Depreciated	<u>457,453,120</u>	<u>33,722,637</u>	<u>-</u>	<u>491,175,757</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(134,547,774)	(17,002,489)	-	(151,550,263)
Equipment	(21,660,234)	(1,670,426)	-	(23,330,660)
Total Accumulated Depreciation	<u>(156,208,008)</u>	<u>(18,672,915)</u>	<u>-</u>	<u>(174,880,923)</u>
Total Capital Assets, Being Depreciated, Net	301,245,112	15,049,722	-	316,294,834
Right-to-Use Lease Assets:				
Equipment	400,340	-	400,340	-
Total Right-to-Use Lease Assets	<u>400,340</u>	<u>-</u>	<u>400,340</u>	<u>-</u>
Less: Accumulated Amortization:				
Equipment	(311,606)	(88,734)	(400,340)	-
Total Accumulated Amortization	<u>(311,606)</u>	<u>(88,734)</u>	<u>(400,340)</u>	<u>-</u>
Total Right-to-Use Lease Assets, Net	88,734	(88,734)	-	-
Subscription Based Information Technology Arrangement (SBITA) Assets:				
SBITA	695,228	-	304,908	390,320
Less: Accumulated Amortization:				
SBITA	(333,379)	(231,743)	(304,908)	(260,214)
Total Accumulated Amortization	<u>(333,379)</u>	<u>(231,743)</u>	<u>(304,908)</u>	<u>(260,214)</u>
Total SBITA Assets, Net	<u>361,849</u>	<u>(231,743)</u>	<u>-</u>	<u>130,106</u>
Total Capital Assets, Net	<u>\$ 322,137,162</u>	<u>\$ 29,372,130</u>	<u>\$ 22,229,484</u>	<u>\$ 329,279,808</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2025, are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Amount Due in One Year
General Obligation (GO) Bonds	\$ 177,700,000	\$ 120,000,000	\$ 5,570,000	\$ 292,130,000	\$ 6,460,000
Unamortized Bond Premium	9,289,073	3,785,451	1,145,607	11,928,917	-
Total GO Bonds	<u>186,989,073</u>	<u>123,785,451</u>	<u>6,715,607</u>	<u>304,058,917</u>	<u>6,460,000</u>
Certificates of Participation (COPS)	14,940,000	-	860,000	14,080,000	905,000
Unamortized COP Premium	826,859	-	114,228	712,631	-
Total COP	<u>15,766,859</u>	<u>-</u>	<u>974,228</u>	<u>14,792,631</u>	<u>905,000</u>
Lease Payable	93,062	-	93,062	-	-
Subscription Payable	338,741	-	164,386	174,355	174,355
Compensated Absences	1,738,712	12,482,943	6,399,249	7,822,406	2,709,841
Total	<u>\$ 204,926,447</u>	<u>\$ 136,268,394</u>	<u>\$ 14,346,532</u>	<u>\$ 326,848,309</u>	<u>\$ 10,249,196</u>

Lease and subscription payables are liquidated by the General Fund. COPS are liquidated by the Capital Facilities Fund. Liabilities for all GO bonds are liquidated through property tax collections as administered by the county office through the Bond Interest and Redemption Fund. Compensated absences are liquidated by the fund recording the associated salary expenses.

NOTE 9 CERTIFICATES OF PARTICIPATION

On September 1, 2015, the Foundation issued \$20,525,000 of Certificates of Participation (the 2015 Certificates). The proceeds of the 2015 Certificates were used to advance refund outstanding Certificates of Participation associated with the issuance of debt in March 15, 2007 (the 2007 Certificates). The proceeds of the 2015 Certificates, including a premium of \$2,945,748 and net of issuance and other costs, were deposited to an escrow fund. The principal balance of the 2007 Certificates of \$22,255,000 and interest was redeemed in full on September 1, 2017 by the refunding escrow agent.

The premium received on the 2015 Certificates is included in the net carrying balance of the debt and is amortized to interest expense over the life of the debt. The difference between the reacquisition price and the net carrying amount of the 2007 Certificates is deferred and amortized to interest expense over the life of the new debt. The payment to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$1,855,139. Amortization of \$114,228 was recognized during the year.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 CERTIFICATES OF PARTICIPATION (CONTINUED)

Payments are required to be deposited into a fund maintained by the trustee. Interest is payable on March 1 and September 1 of each year commencing March 1, 2016; principal payments are payable on September 1 of each year commencing September 1, 2016 with final maturity on September 1, 2036. Interest rates range from 3.00% to 5.00%. Payments to the trustee will be made by the District from redevelopment funds.

The debt service requirements for the certificates are as follows:

<u>Year Ending June 30,</u>	Principal	Interest
2026	\$ 905,000	\$ 610,150
2027	950,000	563,775
2028	1,000,000	515,025
2029	1,050,000	463,775
2030	1,105,000	409,900
2031-2035	6,190,000	1,373,438
2036-2037	2,880,000	145,750
Total	<u>\$ 14,080,000</u>	<u>\$ 4,081,813</u>

NOTE 10 GENERAL OBLIGATION BONDS

Measure AA

On March 5, 2002, the voters approved the issuance of bonds, not to exceed \$67,940,000, to repair/upgrade and improve all District comprehensive schools acquire/construct additional classrooms, science/computer labs, restrooms, libraries, and school facilities to alleviate overcrowding and accommodate enrollment growth, address building safety/health issues. On September 4, 2002 and March 23, 2005, the District offered for sale Series A bonds of \$37,997,910 of Series A bonds and \$29,940,000 of Series B bonds.

2020 General Obligation Refunding Bonds

On June 10, 2020, the District offered for sale \$15,295,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2010 General Obligation Refunding Bonds. A premium received of \$2,832,102 is included in the net carrying balance of the debt. The net carrying amount of the old debt exceeded the reacquisition price by \$1,382,888 and is included in the net carrying balance of the deferred inflow of resources.

2021 General Obligation Refunding Bonds

On May 5, 2021, the District offered for sale \$16,450,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2013 General Obligation Refunding Bonds. A premium received of \$881,675 is included in the net carrying balance of the debt. The net carrying amount of the old debt exceeded the reacquisition price by \$188,502 and is included in the net carrying balance of the deferred inflow of resources.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)

Measure I

On November 4, 2014, the voters approved the issuance of bonds, not to exceed \$175,000,000, to upgrade classrooms, science labs, sites, facilities; repair roofs, floors, plumbing, heating, ventilation, and electrical systems; improve student safety and security; upgrade career training facilities and technology infrastructure.

Series A

On October 28, 2015 the District issued \$42,500,000 of 2014 General Obligation Bonds, Series A. A premium received of \$2,557,423 is included in the net carrying balance of the debt.

Series B

On April 26, 2017 the District issued \$40,000,000 of 2014 General Obligation Bonds, Series B. A premium received of \$2,198,565 is included in the net carrying balance of the debt.

Series C

On April 25, 2018 the District issued \$48,000,000 of 2018 General Obligation Bonds, Series C. A premium received of \$3,504,461 is included in the net carrying balance of the debt.

Series D

On February 27, 2019 the District issued \$21,000,000 of 2019 General Obligation Bonds, Series D. A premium received of \$2,335,981 is included in the net carrying balance of the debt.

Series E

On June 10, 2020 the District issued \$23,500,000 of 2019 General Obligation Bonds, Series E. A premium received of \$1,708,494 is included in the net carrying balance of the debt.

Measure L

On November 5, 2024, the voters approved the issuance of bonds, not to exceed \$284,000,000, to repair/upgrade aging classrooms, labs, career technology and facilities to support college/career readiness in math, science, technology, and skilled trades and fix deteriorating roofs, plumbing, sewer, and electrical systems.

Series A

On March 11, 2025 the District issued \$120,000,000 of 2014 General Obligation Bonds, Series A. A premium received of \$2,557,423 is included in the net carrying balance of the debt.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 GENERAL OBLIGATION BONDS (CONTINUED)

The outstanding general obligation bonded debt of the District at June 30 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2025
Measure AA:					
2020 Refunding	6/10/2020	8/1/2027	5.0	15,295,000	7,160,000
2021 Refunding	5/5/2021	8/1/2029	1.7-4.0	16,450,000	14,530,000
Total Measure AA				31,745,000	21,690,000
Measure I:					
Series A	10/28/2015	8/1/2040	2.5-5.0	42,500,000	30,100,000
Series B	4/26/2017	8/1/2041	3.3-5.0	40,000,000	31,435,000
Series C	4/25/2018	8/1/2042	3.4-5.0	48,000,000	45,440,000
Series D	2/27/2019	8/1/2042	3.5-5.5	21,000,000	20,425,000
Series E	6/10/2020	8/1/2043	2.0-5.0	23,500,000	23,040,000
Total Measure I				175,000,000	150,440,000
Measure L:					
Series A	3/11/2025	8/1/2054	4.0-8.0	120,000,000	120,000,000
Total Measure L				120,000,000	120,000,000
Total				\$ 326,745,000	\$ 292,130,000

The debt service requirements for the general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 6,460,000	\$ 10,985,427
2027	12,990,000	11,004,821
2028	13,290,000	10,269,796
2029	8,855,000	9,805,696
2030	9,605,000	9,528,651
2031-2035	33,680,000	43,816,975
2036-2040	59,045,000	34,546,865
2041-2045	67,430,000	21,221,094
2046-2050	31,080,000	13,309,400
2051-2055	49,695,000	5,295,100
Total	\$ 292,130,000	\$ 169,783,825

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 NONOBLIGATORY DEBT

Nonobligatory debt relates to debt issuances by the Community Facility District, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-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. Special assessment debt of the \$1.02 million as of June 30, 2025, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

NOTE 12 POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers a single employer defined benefit, postemployment medical benefit plan for qualified employees.

Plan Description and Eligibility

The plan provides health, dental and vision insurance benefits to eligible retirees and their spouses. Membership of the plan consists of 66 retirees and beneficiaries currently receiving benefits, and 869 active plan members. Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each bargaining period. The plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. As of June 30, 2025, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The District contributes 100% of the cost equivalent to the premium of HMO single coverage. For the year ended June 30, 2025, the District contributed \$2,917,137 to the plan. Contributions include an implicit rate subsidy of \$1,451,824.

Total OPEB Liability

At June 30, 2025 the total OPEB liability was \$65,287,303.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability was determined based on an actuarial valuation as of July 1, 2024. The following actuarial assumptions used in the July 1, 2024 valuation, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2024
Measurement Date	June 30, 2025
Actuarial Costs Method	Entry Age Normal
Salary Increases	3.25%
Healthcare Costs Trend Rate	7.00%

Mortality assumptions are based on the 2024 CalSTRS mortality experience study for certificated employee types and the 2021 CalPERS mortality experience study for the classified employee types.

Actuarial assumptions used in the July 1, 2024 valuation were based on a review of plan experience turnover tables 2024 CalSTRS retirement rates for certificated employee types and 2021 CalPERS retirement rates for classified employee types.

Discount Rate

The discount rate used to measure the OPEB liability was 4.81%. The projection of cash flows used to determine the discount rate was based on the 20-year municipal bond yield, specifically the S&P Municipal Bond 20 Year High Grade Rate Index. There are no plan assets.

Changes in the Total OPEB Liability

Service Cost	\$ 3,277,920
Interest Cost	2,822,423
Changes in Assumptions	(3,102,449)
Benefit Payments	<u>(2,917,137)</u>
Net Change in Total OPEB Liability	80,757
Total OPEB Liability - Beginning Balance	<u>65,206,546</u>
Total OPEB Liability - Ending Balance	<u><u>\$ 65,287,303</u></u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity

The following presents the District's OPEB liability calculated using the discount rate of 4.81% as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 70,098,105	\$ 65,287,303	\$ 60,747,176

The following presents the District's OPEB liability calculated using the healthcare cost trend rate of 7.0%, as well as what the OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Total OPEB Liability	\$ 58,983,743	\$ 65,287,303	\$ 72,535,794

Amortization of Deferred Outflows and Deferred Inflows of Resources

At June 30, 2025, the District reported deferred outflows and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 10,137,275	\$ -
Changes of Assumptions	7,639,626	9,899,705
Total	\$ 17,776,901	\$ 9,899,705

The deferred outflows and deferred inflows of resources are amortized over the average working lifetime of active and inactive participants which was calculated at 9.23 years. This amount will be amortized to offset OPEB expense as follows:

Year Ending June 30,	Amortization
2026	\$ (791,527)
2027	(879,873)
2028	(1,305,265)
2029	(1,607,495)
2030	(1,814,030)
Thereafter	(1,479,006)
Total	\$ (7,877,196)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2025, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 87,311,900	\$ 30,847,897	\$ 12,192,108	\$ 12,123,890
CalPERS (Schools Pool Plan)	46,674,872	13,905,960	3,242,045	7,155,464
Total	<u>\$ 133,986,772</u>	<u>\$ 44,753,857</u>	<u>\$ 15,434,153</u>	<u>\$ 19,279,354</u>

The details of each plan are as follows:

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.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on 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 comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. 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 of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)
Benefits Provided (Continued)

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

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	On or Before December 31, 2012	On or After January 1, 2013
Hire Date		
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 Employee Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age actuarial cost method. The contribution rates for each plan for the year ended June 30, 2025 are presented above and the total District contributions were \$16,978,197.

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:

	Balance
	<u>June 30, 2025</u>
District Proportionate Share of the Net Pension Liability	\$ 87,311,900
State's Proportionate Share of the Net Pension Liability Associated with the District	40,059,615
Total	<u>\$ 127,371,515</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. At June 30, 2024, the District's proportion was 0.130% which is an increase of 0.001% from its proportion measured as of June 30, 2023.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

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 \$8,477,172 and revenue and corresponding expense of \$3,646,718 for contributions provided by the state representing total pension expense of \$12,123,890. 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	\$ 16,978,197	\$ -
Differences Between Expected and Actual Experience	9,876,100	3,818,100
Changes of Assumptions	382,200	5,963,100
Changes in Proportion	3,611,400	2,058,608
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	352,300
Total	\$ 30,847,897	\$ 12,192,108

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 year ended June 30, 2026. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2024 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2026	\$ (5,721,014)
2027	7,758,291
2028	(242,808)
2029	(766,752)
2030	973,247
2031	(323,372)
Total	\$ 1,677,592

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for STRP 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. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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
Measurement Date	June 30, 2024
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage 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 among its members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023 and projected improvement is based on the MP-2021 Ultimate Projection Scale.

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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)
Actuarial Methods and Assumptions (Continued)

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 Real Rate of Return
Public Equity	38 %	5.25 %
Real Estate	15	4.05
Private Equity	14	6.75
Fixed Income	14	2.45
Risk Mitigating Strategies	10	2.25
Inflation Sensitive	7	3.65
Cash/Liquidity	2	0.05

Discount Rate

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

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	\$ 155,299,300	\$ 87,311,900	\$ 30,539,600

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Changes of Assumptions

During the fiscal year of the measure date of June 30, 2024, CalSTRS completed an experience study for the period starting July 1, 2007 and ending June 30, 2022. The experience study was adopted by the board in January 2024. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including postretirement mortality, probabilities of retirement, disability or withdrawal from the system, pay increases due to promotions and other various assumptions needed to value the program benefits.

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

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 member's 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 5 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 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)
Benefits Provided (Continued)

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

<u>Provisions and Benefits</u>	<u>Schools Pool Plan (CalPERS)</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	27.05%	27.05%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025 are as presented above and the total District contributions were \$7,090,954.

Pension Liabilities, Pension Expense, 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 \$46,674,872. 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. At June 30, 2024, the District's proportion was 0.1306% which is a decrease of 0.0064% from its proportion measured as of June 30, 2023.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)
Pension Liabilities, Pension Expense, 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 \$7,155,464. 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	\$ 7,090,954	\$ -
Differences Between Expected and Actual Experience	3,913,006	334,050
Changes of Assumptions	1,031,672	-
Changes in Proportion	57,278	2,907,995
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	1,813,050	-
Total	\$ 13,905,960	\$ 3,242,045

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 year ended June 30, 2026. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Schools Pool Plan for the June 30, 2024 measurement date is 3.9 years.

The remaining amount will be recognized in pension expense as follows:

Year Ending June 30,	Amortization
2026	\$ 1,004,637
2027	3,127,055
2028	14,944
2029	(573,675)
Total	\$ 3,572,961

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan 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. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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
Measurement Date	June 30, 2024
Experience Study	2000 through 2019
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.90%
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those rates include generational mortality improvements using 80% of scale MP 2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity Cap-weighted	30 %	4.54 %
Global Equity Non-cap-weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-backed Securities	5	0.50
Investment Grade Corporates	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 13 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%, 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 will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net Pension Liability	\$ 69,335,913	\$ 46,674,872	\$ 27,955,050

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate annual comprehensive financial report available on the CalPERS website. Copies of the CalPERS annual comprehensive financial report may be obtained from CalPERS.

NOTE 14 INTERNAL SERVICE FUND

The District is self-insured under the California Education Code Section 39602 for employee vision and dental benefit claims. The District has obtained insurance coverage through a combination of commercial insurance and intergovernmental risk pooling that will cover claims within the following ranges to supplement its self-insurance program:

<u>Insurance Program</u>	<u>Limits</u>
Employee Vision and Dental Benefits	Occurrences Up to \$2,200 Per Employee Yearly

The self-insurance activity for the dental program has been recorded in the Internal Service Fund. There were no claims settled in 2025 which exceeded the excess insurance amount. Changes in the claim's liability for workers' compensation in fiscal years 2024-25 were as follows:

	<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Fiscal Year Liability</u>
Dental Program	\$ 88,584	\$ 359,332	\$ 359,332	\$ 88,584

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 15 EARLY RETIREMENT INCENTIVE

During the fiscal year 2024-25, the District participated in an early retirement incentive program in accordance with California Education Code section 22714. The following disclosures are required by the 2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting:

	Retiree Data			Employer Retirement Costs		Salary and Benefits		
	Type of Position	Age (Years, Months)	CalSTRS Years of Service	Administration Fee, Present Value Plus Interest	Two Years of Postretirement Health Care Benefit Costs	Retiree Salary	Replacement Salary (If Any)	Salary and Benefit Savings
1	Teacher	62.3	22.976	\$ 82,870.86	\$ 39,120.00	\$ 158,125.59	\$ -	\$ 158,125.59
2	Teacher	64.0	25.538	79,875.90	24,164.88	150,648.03	-	150,648.03
3	Teacher	61.10	35.226	83,701.49	46,848.00	161,989.59	-	161,989.59
4	Teacher	57.11	30.077	54,324.85	63,806.16	163,130.76	-	163,130.76
5	Teacher	61.7	28.995	76,492.09	56,688.00	166,909.59	-	166,909.59
6	Counselor	55.9	28.947	60,748.50	63,528.00	174,054.55	98,806.52	75,248.03
7	Teacher	57.5	25.331	57,812.28	63,528.00	170,329.59	-	170,329.59
8	Teacher	60.6	34.048	77,959.75	4,032.00	140,581.59	-	140,581.59
9	Teacher	66.7	35.995	75,361.33	46,848.00	161,989.59	-	161,989.59
10	Teacher	64.0	23.757	79,875.90	24,164.88	150,648.03	-	150,648.03
11	Assistant Superintendent	60.5	33.787	143,869.97	63,528.00	286,730.71	283,310.71	3,420.00
12	Teacher	56.9	31.036	58,270.94	3,904.00	140,517.59	-	140,517.59
13	Principal	67.7	29.956	120,313.75	46,848.00	225,847.79	200,519.25	25,328.54
14	Assistant Principal	60.10	32.073	92,913.80	39,120.00	185,578.71	160,189.68	25,389.03
15	Teacher	60.0	35.991	78,883.16	46,848.00	161,989.59	-	161,989.59
				\$ 1,223,074.57	\$ 632,975.92			\$ 1,856,245.14
				Total Employer Retirement Costs	\$ 1,856,050.49	Total Salary and Benefit Savings		\$ 1,856,245.14
							Net Savings	\$ 194.65

NOTE 16 JOINT POWERS AGREEMENTS

The District participates in three joint powers agreement (JPA) entities, the Alliance of Schools for Cooperative Insurance Programs (ASCIP), the Schools' Excess Liability Fund (SELF), and the Self-Insured Schools of California (SISC) public risk pools. The District also participates in a joint venture under a joint power agreement with North Orange County Regional Occupational program (NOCROP).

ASCIP arranges for and provides property and liability insurance for its member school districts. The District pays a premium commensurate with the level of coverage requested. ASCIP is governed by a board consisting of 25 elected members and alternatives.

SELF arranges for and provides a self-funded excess liability fund for its member public educational agencies. SELF is governed by a board of 32 elected voting members, elected alternates and two ex-official members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SELF's Board of Directors and shares surpluses and deficits proportionately to its participation in SELF.

SISC provides health and welfare benefits for its member school districts.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 16 JOINT POWERS AGREEMENTS (CONTINUED)

North Orange County Regional Occupational Program (NOCROP) provides occupational training for high school students and adults residing in the member districts.

Each JPA is governed by a board consisting of representatives from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. In addition, each JPA is independently accountable for its fiscal matters. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity. The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

NOTE 17 COMMITMENTS AND CONTINGENCIES

Litigation

At time, the District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which 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.

County School Facilities Funds

The District is currently involved in modernization projects funded through the State School Facilities Program. These projects are subject to future audits by the State, which may result in other adjustments to the fund.

Purchase Commitments

As of June 30, 2025, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$2 million. Projects will be funded through bond proceeds and redevelopment pass-through distributions.

REQUIRED SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgetary Amounts - General Fund		Actual Amounts	(a) Fund Basis to GAAP	Actual Amounts
	Original	Final	General Fund		GAAP Basis
REVENUES					
Local Control Funding Formula (LCFF):					
State Apportionments	\$ 84,193,478	79,494,059	\$ 79,523,691	\$ -	\$ 79,523,691
Local Sources	96,721,770	103,631,354	103,570,312	-	103,570,312
Total LCFF Sources	<u>180,915,248</u>	<u>183,125,413</u>	<u>183,094,003</u>	-	<u>183,094,003</u>
Federal Sources	8,631,307	10,043,104	7,603,887	-	7,603,887
Other State Sources	20,322,437	21,537,711	19,718,117	-	19,718,117
Other Local Sources	17,398,441	22,590,407	24,027,388	488,852	24,516,240
Total Revenues	<u>227,267,433</u>	<u>237,296,635</u>	<u>234,443,395</u>	<u>488,852</u>	<u>234,932,247</u>
EXPENDITURES					
Certificated salaries	92,707,162	93,107,557	91,724,387	-	91,724,387
Classified Salaries	30,313,856	30,592,374	29,848,546	-	29,848,546
Employee Benefits	64,514,115	63,621,329	61,400,116	-	61,400,116
Books and Supplies	13,967,215	14,692,822	11,824,761	11,164	11,835,925
Services and Other Operating Expenditures	26,134,351	32,129,283	28,049,988	4,288,118	32,338,106
Capital Outlay	3,747,015	6,951,946	5,814,649	234,201	6,048,850
Other Outgo and Indirect Costs	5,948,303	6,224,389	6,428,862	-	6,428,862
Total Expenditures	<u>237,332,017</u>	<u>247,319,700</u>	<u>235,091,309</u>	<u>4,533,483</u>	<u>239,624,792</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,064,584)	(10,023,065)	(647,914)	(4,044,631)	(4,692,545)
OTHER FUNDING SOURCES (USES)					
Interfund Transfers In (b)	-	10,000	-	-	-
Interfund Transfers Out (b)	(3,250,000)	(3,250,000)	(3,250,000)	2,600,000	(650,000)
Total Other Financing Sources (Uses)	<u>(3,250,000)</u>	<u>(3,240,000)</u>	<u>(3,250,000)</u>	<u>2,600,000</u>	<u>(650,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (13,314,584)</u>	<u>\$ (13,263,065)</u>	(3,897,914)	(1,444,631)	(5,342,545)
Fund Balance - Beginning of Year			<u>92,388,090</u>	<u>12,479,712</u>	<u>104,867,802</u>
FUND BALANCE - END OF YEAR			<u>\$ 88,490,176</u>	<u>\$ 11,035,081</u>	<u>\$ 99,525,257</u>

(a) Amounts presented are the result of the District including activity of the Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay, and the Special Reserve Fund for Postemployment Benefits Fund.

(b) Interfund activity between the General Fund and Deferred Maintenance Fund is eliminated.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS – RETIREE BENEFITS PLAN
YEARS ENDED JUNE 30,**

Retiree Benefits Plan	2025	2023	2022	2021
Total OPEB Liability:				
Service Cost	\$ 3,277,920	\$ 2,890,660	\$ 2,942,942	\$ 3,956,732
Interest Cost	2,822,423	2,674,427	2,465,266	1,580,781
Differences Between Expected and Actual Experience	-	(5,795,887)	-	(5,864,067)
Changes in Assumptions	(3,102,449)	4,738,550	1,312,628	(8,614,809)
Expected Benefit Payments	(2,917,137)	(2,309,915)	(2,068,548)	(2,503,268)
Net Change in Total OPEB Liability	80,757	2,197,835	4,652,288	(11,444,631)
Total OPEB Liability - Beginning	65,206,546	63,008,711	58,356,423	69,801,054
Total OPEB Liability - Ending	<u>\$ 65,287,303</u>	<u>\$ 65,206,546</u>	<u>\$ 63,008,711</u>	<u>\$ 58,356,423</u>
District's Covered Payroll	\$ 90,181,339	\$ 91,880,146	\$ 86,573,202	\$ 89,350,272
Total OPEB Liability as a Percentage of Covered Payroll	72%	71%	73%	65%
	2020	2020	2019	2018
Total OPEB Liability:				
Service Cost	\$ 3,776,278	\$ 2,851,179	\$ 2,868,535	\$ 2,928,786
Interest Cost	1,774,569	1,621,841	1,646,958	1,637,733
Differences Between Expected and Actual Experience	-	(7,911,225)	-	-
Changes in Assumptions	2,547,275	13,586,439	815,295	622,561
Expected Benefit Payments	(2,451,697)	(2,528,465)	(2,371,439)	(2,001,577)
Net Change in Total OPEB Liability	5,646,425	7,619,769	2,959,349	3,187,503
Total OPEB Liability - Beginning	64,154,629	56,534,860	53,575,511	50,388,008
Total OPEB Liability - Ending	<u>\$ 69,801,054</u>	<u>\$ 64,154,629</u>	<u>\$ 56,534,860</u>	<u>\$ 53,575,511</u>
District's Covered Payroll	\$ 82,271,341	\$ 85,176,500	\$ 77,229,402	\$ 80,637,172
Total OPEB Liability as a Percentage of Covered Payroll	85%	75%	73%	66%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
YEARS ENDED JUNE 30,**

CalSTRS - STRP	2025	2024	2023	2022	2021
Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
District's Proportion of the Net Pension Liability (NPL)	0.130%	0.129%	0.129%	0.133%	0.127%
District's Proportionate Share of the NPL	\$ 87,311,900	\$ 98,247,690	\$ 89,636,940	\$ 60,525,640	\$123,074,430
State's Proportionate Share of the NPL Associated with the District	40,059,615	47,074,081	44,890,442	30,454,789	63,444,370
Total	<u>\$127,371,515</u>	<u>\$145,321,771</u>	<u>\$134,527,382</u>	<u>\$ 90,980,429</u>	<u>\$186,518,800</u>
District's Covered Payroll	\$ 87,700,000	\$ 80,300,000	\$ 75,800,000	\$ 73,800,000	\$ 70,000,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	100%	122%	118%	82%	176%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84%	81%	81%	87%	72%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's Proportion of the NPL	0.124%	0.126%	0.126%	0.128%	0.128%
District's Proportionate Share of the NPL	\$111,991,840	\$115,802,820	\$116,524,800	\$103,527,680	\$ 86,174,720
State's Proportionate Share of the NPL Associated with the District	61,099,519	66,302,855	68,935,649	58,945,139	45,576,805
Total	<u>\$173,091,359</u>	<u>\$182,105,675</u>	<u>\$185,460,449</u>	<u>\$162,472,819</u>	<u>\$131,751,525</u>
District's Covered Payroll	\$ 67,100,000	\$ 68,600,000	\$ 67,800,000	\$ 65,500,000	\$ 61,700,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	167%	169%	172%	158%	140%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73%	71%	69%	70%	74%

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
YEARS ENDED JUNE 30,**

CalPERS - Schools Pool Plan	2025	2024	2023	2022	2021
Measurement Period	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
District's Proportion of the Net Pension Liability (NPL)	0.1306%	0.1370%	0.1480%	0.1471%	0.1445%
District's Proportionate Share of the NPL	\$ 46,674,872	\$ 49,592,476	\$ 50,925,446	\$ 29,911,950	\$ 44,337,045
District's Covered Payroll	\$ 25,400,000	\$ 23,400,000	\$ 21,850,000	\$ 20,300,000	\$ 21,100,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	184%	212%	233%	147%	210%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72%	70%	70%	81%	70%
	2020	2019	2018	2017	2016
Measurement Period	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's Proportion of the NPL	0.1431%	0.1484%	0.1491%	0.1477%	0.1576%
District's Proportionate Share of the NPL	\$ 41,705,424	\$ 39,568,112	\$ 35,586,943	\$ 29,170,841	\$ 23,230,396
District's Covered Payroll	\$ 19,100,000	\$ 19,100,000	\$ 18,800,000	\$ 17,200,000	\$ 17,500,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	218%	207%	189%	170%	133%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70%	71%	72%	74%	79%

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTION
YEARS ENDED JUNE 30,**

CalSTRS - STRP	2025	2024	2023	2022	2021
Contractually Required Contribution	\$ 16,978,197	\$ 16,757,870	\$ 15,342,985	\$ 12,821,580	\$ 11,912,650
Contributions in Relation to the Contractually Required Contribution	16,978,197	16,757,870	15,342,985	12,821,580	11,912,650
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 88,900,000	\$ 87,700,000	\$ 80,300,000	\$ 75,800,000	\$ 73,800,000
Contributions as a Percentage of Covered Payroll	19.10%	19.10%	19.10%	16.92%	16.15%
	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 11,969,223	\$ 10,931,159	\$ 9,905,356	\$ 8,530,519	\$ 7,032,883
Contributions in Relation to the Contractually Required Contribution	11,969,223	10,931,159	9,905,356	8,530,519	7,032,883
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 70,000,000	\$ 67,100,000	\$ 68,600,000	\$ 67,800,000	\$ 65,500,000
Contributions as a Percentage of Covered Payroll	17.10%	16.28%	14.43%	12.58%	10.73%

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTION (CONTINUED)
YEARS ENDED JUNE 30,**

CalPERS - Schools Pool Plan	2025	2024	2023	2022	2021
Contractually Required Contribution	\$ 7,090,954	\$ 6,765,034	\$ 5,931,775	\$ 5,007,751	\$ 4,203,740
Contributions in Relation to the Contractually Required Contribution	7,090,954	6,765,034	5,931,775	5,007,751	4,203,740
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 26,200,000	\$ 25,400,000	\$ 23,400,000	\$ 21,850,000	\$ 20,300,000
Contributions as a Percentage of Covered Payroll	27.05%	26.68%	25.37%	22.91%	20.70%
	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 4,161,123	\$ 3,451,521	\$ 2,958,788	\$ 2,621,751	\$ 2,032,987
Contributions in Relation to the Contractually Required Contribution	4,161,123	3,451,521	2,958,788	2,621,751	2,032,987
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 21,100,000	\$ 19,100,000	\$ 19,100,000	\$ 18,800,000	\$ 17,200,000
Contributions as a Percentage of Covered Payroll	19.72%	18.06%	15.53%	13.89%	11.85%

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison for the General Fund

A budgetary comparison is presented for the General Fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year-end, actual amounts at fiscal year-end, and any adjustments needed to present the amounts in accordance with accounting principles generally accepted in the United States of America.

Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Benefits Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pension associated with the District's retiree benefits plan. The District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2024-25:

The District applied a new discount rate increasing the rate from 4.21% to 4.81%.

2023-24:

The District applied a new discount rate increasing the rate from 4.13% to 4.21%.

2022-23:

The District applied a new discount rate increasing the rate from 4.09% to 4.13%.

2021-22:

The District applied a new discount rate increasing the rate from 2.18% to 4.09%.

2020-21:

The District applied a new discount rate decreasing the rate from 2.66% to 2.18%.

2019-20:

The District applied a new discount rate decreasing the rate from 2.79% to 2.66%.

2018-19:

The District applied a new discount rate decreasing the rate from 2.98% to 2.79%.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District for the last 10 years.

Benefit changes – None

Changes of Assumptions:

June 30, 2024 Measurement Period:

CalSTRS Board adopted a new experience study which updated assumptions for postretirement mortality, probabilities of retirement, disability or withdrawal from the system, pay increases due to promotions and other various assumptions needed to value the program benefits.

June 30, 2022 Measurement Period:

CalPERS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 2.50% to 2.30%. A new discount rate was applied decreasing the rate from 7.15% to 6.90%.

June 30, 2020 Measurement Period:

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

June 30, 2019 Measurement Period:

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

June 30, 2018 Measurement Period:

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%. CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

June 30, 2016 Measurement Period:

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution for the last 10 years.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations, by major object accounts, occurred in the General Fund as follows:

<u>Object Account</u>	<u>Amount</u>
Other Outgo	\$ 204,473

SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2025**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2025 are as follows:

	Second Period Certificate # 26476469	Annual Certificate # BCD4BABE
Grades Nine through Twelve:		
Regular ADA	11,911.94	11,871.62
Special Education - Nonpublic, Nonsectarian Schools	30.67	33.49
Extended Year Special Education - Nonpublic, Nonsectarian Schools	2.06	2.36
Total Grades Nine through Twelve ADA	11,944.67	11,907.47

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2025**

<u>Grade Level</u>	<u>Minutes Requirements</u>	<u>Minutes Offered</u>	<u>Days Offered Traditional</u>	<u>Status</u>
Grade 9	64,800	65,350	180	In Compliance
Grade 10	64,800	65,350	180	In Compliance
Grade 11	64,800	65,350	180	In Compliance
Grade 12	64,800	65,350	180	In Compliance

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Agriculture				
Pass-Through Program from California Department of Education (CDE):				
Child Nutrition Cluster:				
National School Lunch Program	10.555	13390	\$ 2,742,711	\$ -
Summer Food Service Program	10.559	13004	12,587	-
Subtotal Child Nutrition Cluster			<u>2,755,298</u>	-
Child Nutrition Program-Child and Adult Care Food Program	10.558	13666	468,876	-
Total United States Department of Agriculture			<u>3,224,174</u>	-
United States Department of Education				
Pass-Through Program from North Orange County (NOC) SELPA:				
Special Education Cluster:				
Grants to States (IDEA, Part B)	84.027	13379	2,194,465	-
Early Intervening Services (IDEA, Part B)	84.027	10119	545,915	-
Mental Health Services (IDEA, Part B)	84.027	15197	153,307	-
Subtotal Special Education (IDEA) Cluster			<u>2,893,687</u>	-
Total Pass-Through Program from NOC SELPA			<u>2,893,687</u>	-
Pass-Through Program from CDE:				
Title I:				
Title I, Part A - Low Income and Neglected School Improvement Funding	84.010	14329	1,218,433	-
School Improvement Funding	84.010	15438	125,734	-
Subtotal Title I			<u>1,344,167</u>	-
Education Stabilization Fund (ESF):				
COVID-19 - ESSER III	84.425D	15559	1,623,608	-
COVID-19 - ESSER III, Learning Loss	84.425U	10155	392,114	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER III	84.425U	15620	190,928	-
COVID-19 - ELO Grant ESSER II, Learning Loss	84.425U	15621	215,260	-
COVID-19 - American Rescue Plan - Homeless Children and Youth (ARP HCY II)	84.425W	15566	15,027	-
Subtotal Education Stabilization Fund			<u>2,436,937</u>	-
Other Programs:				
Title II - Supporting Effective Instruction	84.367	14341	276,744	-
Title III - English Learner Student Program	84.365	14346	191,176	-
Title IV, Part A - Student Support & Academic Enrichment Grants	84.424	15396	45,701	-
Career and Technical Education - Secondary	84.048	14894	235,075	-
Total Pass-Through Program from CDE			<u>4,529,800</u>	-
Total: United States Department of Education			<u>7,423,487</u>	-
Total Expenditures of Federal Awards			<u>\$ 10,647,661</u>	<u>\$ -</u>
Reconciliation to Federal Revenue				
Total Federal Program Expenditures				\$ 10,647,661
Revenues in Excess (Deficiency) of Expenditures Related to Federal Entitlements:				
Junior Reserve Officer Training Corp (JROTC)				237,969
Title IV, Part A - Student Support & Academic Enrichment Grants				(57,569)
Total Federal Program Revenue				<u>\$ 10,828,061</u>

The District is the recipient of a federal award program that does not result in cash receipts or disbursements.

The District was granted \$238,325 of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

	<u>2026 (Budgeted)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Revenue	\$ 235,495,059	\$ 234,443,395	\$ 248,770,941	\$ 230,265,598
Other Sources and Transfers In	-	-	1,183,551	805,177
Total Revenue and Other Sources	<u>235,495,059</u>	<u>234,443,395</u>	<u>249,954,492</u>	<u>231,070,775</u>
Expenditures	233,609,730	235,091,309	232,014,023	205,055,116
Other Uses and Transfers Out	3,250,000	3,250,000	5,250,000	6,350,000
Total Expenditures and Other Uses	<u>236,859,730</u>	<u>238,341,309</u>	<u>237,264,023</u>	<u>211,405,116</u>
Change in Fund Balance	<u>(1,364,671)</u>	<u>(3,897,914)</u>	<u>12,690,469</u>	<u>19,665,659</u>
Ending Fund Balance	<u>\$ 87,081,421</u>	<u>\$ 88,490,176</u>	<u>\$ 92,388,090</u>	<u>\$ 79,697,621</u>
Available Reserve	<u>\$ 66,033,350</u>	<u>\$ 16,728,215</u>	<u>\$ 20,726,402</u>	<u>\$ 21,815,494</u>
Available Reserve %	28.3%	7.1%	8.9%	10.6%
ADA	<u>11,888</u>	<u>11,945</u>	<u>12,213</u>	<u>12,473</u>
Total Long-Term Liabilities	<u>\$ 512,956,051</u>	<u>\$ 526,122,384</u>	<u>\$ 418,649,824</u>	<u>\$ 416,274,894</u>

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 3% reserve of total General Fund expenditures, transfers out and other uses. The District has met this requirement for all years presented.

The 2026 budget is the original budget adopted on June 10, 2025.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2025**

The District is not the granting agency for any Charter Schools.

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025**

	General Fund	Self-Insurance Fund
Annual Financial and Budget Report Fund Balance	\$ 88,446,092	\$ 7,060,785
Adjustments and Reclassifications:		
Post Closing Entry - Adjustment to Lease Receivable	(96,900)	-
Post Closing Entry - Adjustment to Deferred Inflows - Leases	140,984	-
Post Closing Entry - IBNR Reconciliation to Actuarial Reports	-	209,649
June 30, 2025 Audited Fund Balance	\$ 88,490,176	\$ 7,270,434

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund
ASSETS				
Cash in County Treasury	\$ -	\$ 7,454,617	\$ 3,404,495	\$ 152,220
Cash in Banks	3,176,429	333	-	-
Cash in Revolving Fund	-	10,112	-	-
Accounts Receivable	-	696,646	36,119	510
Stores	1,480	37,506	-	-
	<u>3,177,909</u>	<u>8,199,214</u>	<u>3,440,614</u>	<u>152,730</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	-	127,278	266,683	-
Due to Other Funds	-	196,382	-	-
Unearned Revenue	-	69,108	-	-
Total Liabilities	<u>-</u>	<u>392,768</u>	<u>266,683</u>	<u>-</u>
FUND BALANCES				
Nonspendable	1,480	47,618	-	-
Restricted	3,176,429	7,758,828	3,173,931	152,730
Committed	-	-	-	-
Total Fund Balances	<u>3,177,909</u>	<u>7,806,446</u>	<u>3,173,931</u>	<u>152,730</u>
Total Liabilities and Fund Balances	<u>\$ 3,177,909</u>	<u>\$ 8,199,214</u>	<u>\$ 3,440,614</u>	<u>\$ 152,730</u>

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash in County Treasury	\$ 8,287,529	\$ 28,041	\$ 13,918,408	\$ 33,245,310
Cash in Banks	-	-	-	3,176,762
Cash in Revolving Fund	-	-	-	10,112
Accounts Receivable	25,703	29	114,329	873,336
Stores	-	-	-	38,986
	<u>8,313,232</u>	<u>28,070</u>	<u>14,032,737</u>	<u>37,344,506</u>
Total Assets				
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	728,082	-	-	1,122,043
Due to Other Funds	-	-	-	196,382
Unearned Revenue	-	-	-	69,108
Total Liabilities	<u>728,082</u>	<u>-</u>	<u>-</u>	<u>1,387,533</u>
FUND BALANCES				
Nonspendable	-	-	-	49,098
Restricted	-	28,070	14,032,737	28,322,725
Committed	7,585,150	-	-	7,585,150
Total Fund Balances	<u>7,585,150</u>	<u>28,070</u>	<u>14,032,737</u>	<u>35,956,973</u>
Total Liabilities and Fund Balances	<u>\$ 8,313,232</u>	<u>\$ 28,070</u>	<u>\$ 14,032,737</u>	<u>\$ 37,344,506</u>

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025**

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund
REVENUES				
Federal Sources	\$ -	\$ 3,224,174	\$ -	\$ -
Other State Sources	-	2,847,185	-	-
Other Local Sources	6,278,884	446,171	2,682,554	6,783
Total Revenues	<u>6,278,884</u>	<u>6,517,530</u>	<u>2,682,554</u>	<u>6,783</u>
EXPENDITURES				
Pupil Services	-	4,784,833	-	-
Ancillary Services	5,788,188	-	-	-
General Administration	-	144,624	6,905	-
Plant Services	-	577,513	962,970	43
Other Outgo	-	-	1,627,503	-
Debt Service	-	-	-	-
Total Expenditures	<u>5,788,188</u>	<u>5,506,970</u>	<u>2,597,378</u>	<u>43</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	490,696	1,010,560	85,176	6,740
OTHER FINANCING SOURCES				
Premium from Sale of Bonds	-	-	-	-
Interfund Transfers In	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	490,696	1,010,560	85,176	6,740
Fund Balances - Beginning of Year	<u>2,687,213</u>	<u>6,795,886</u>	<u>3,088,755</u>	<u>145,990</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,177,909</u>	<u>\$ 7,806,446</u>	<u>\$ 3,173,931</u>	<u>\$ 152,730</u>

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

	Special Reserve Fund for Capital Outlay Projects	Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
REVENUES				
Federal Sources	\$ -	\$ -	\$ -	\$ 3,224,174
Other State Sources	-	-	51,020	2,898,205
Other Local Sources	321,996	20,395	12,751,675	22,508,458
Total Revenues	<u>321,996</u>	<u>20,395</u>	<u>12,802,695</u>	<u>28,630,837</u>
EXPENDITURES				
Pupil Services	-	-	-	4,784,833
Ancillary Services	-	-	-	5,788,188
General Administration	-	-	-	151,529
Plant Services	931,924	1,753	-	2,474,203
Other Outgo	-	-	-	1,627,503
Debt Service	-	-	12,164,146	12,164,146
Total Expenditures	<u>931,924</u>	<u>1,753</u>	<u>12,164,146</u>	<u>26,990,402</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(609,928)	18,642	638,549	1,640,435
OTHER FINANCING SOURCES				
Premium from Sale of Bonds	-	-	3,785,451	3,785,451
Interfund Transfers In	650,000	-	-	650,000
Total Other Financing Sources	<u>650,000</u>	<u>-</u>	<u>3,785,451</u>	<u>4,435,451</u>
NET CHANGES IN FUND BALANCE	40,072	18,642	4,424,000	6,075,886
Fund Balances - Beginning of Year	<u>7,545,078</u>	<u>9,428</u>	<u>9,608,737</u>	<u>29,881,087</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,585,150</u>	<u>\$ 28,070</u>	<u>\$ 14,032,737</u>	<u>\$ 35,956,973</u>

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The District did not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Schedule of Financial Trends and Analysis

The *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Charter Schools

The *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

Combining Fund Financial Statements

A combining fund balance sheet and statement of revenues, expenditures, and changes in fund balance has been presented for the nonmajor funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
LEA ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2025**

The Fullerton Joint Union High School District (the District) was established in 1893 under the laws of the state of California and consists of an area comprising approximately 55 square miles. There were no changes in the boundaries of the District during the current year. The District operates under a locally elected five-member board form of government and provides educational services to grades 9–12 as mandated by the state and/or federal agencies. The District operates six high schools, one continuation high school, and one alternative high school.

The Board of Trustees and the District Administrators for the fiscal year ended June 30, 2025 were as follows:

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Vicki Calhoun	President	November 30, 2028
Marilyn Buchi	Clerk	November 30, 2026
Joanne Fawley	Member	November 30, 2028
Chester Jeng	President	November 30, 2026
Lauren Klatzker	Member	November 30, 2026

DISTRICT ADMINISTRATORS

Steve McLaughlin, Ed.D	Superintendent
Ed Atkinson, Ed.D.	Assistant Superintendent – Human Services
Ruben Hernandez	Assistant Superintendent – Business Services
Sylvia Kaufman, Ed.D	Assistant Superintendent – Education and Assessment Services
Karl Zener, Ed.D.	Executive Director – Administrative Services

OTHER INDEPENDENT AUDITORS' REPORT



**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 Joint Union High 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 Fullerton Joint Union High School District (the 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 January 26, 2026.

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Ontario, California
January 26, 2026



**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 Joint Union High School District
Fullerton, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); 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 Auditors' 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 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 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 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 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 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 District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of 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 Auditors' 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.



CliftonLarsonAllen LLP

Ontario, California
January 26, 2026



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

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

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

We have audited the Fullerton Joint Union High School District's (the District) compliance with the types of compliance requirements applicable to the District described in the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel for the year ended June 30, 2025.

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

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditors' 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 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 the state compliance requirements as identified in the table provided below. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for State 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 District's state programs.

Auditors' Responsibilities for the Audit of State 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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the 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, no such opinion is expressed; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Board of Trustees
Fullerton Joint Union High School District

- Select and test *transactions* and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Local Education Agencies Other than Charter Schools:

A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
D. Independent Study	No ¹
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	Yes
K. GANN Limit Calculation	Yes
L. School Accountability Report Card	Yes
M. Juvenile Court School	Not Applicable
N. Middle or Early College High Schools	Not Applicable
O. K-3 Grade Span Adjustment	Not Applicable
Q. Apprenticeship: Related and Supplemental Instruction	Not Applicable
R. Comprehensive School Safety Plan	Yes
S. District of Choice	Not Applicable
TT. Home to School Transportation Reimbursement	Yes

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

T. Proposition 28 Arts and Music in Schools	Yes
U. After/Before School Education and Safety Program	Not Applicable
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	Not Applicable
Z. Immunizations	Not Applicable
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunity Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
DZ. Expanded Learning Opportunity Program	Not Applicable
EZ. Transitional Kindergarten	Not Applicable
FZ. Kindergarten Continuance	Not Applicable

Charter Schools:

AA. Attendance	Not Applicable
BB. Mode of Instruction	Not Applicable
CC. Nonclassroom Based Instruction/Independent Study	Not Applicable
DD. Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
EE. Annual Instructional Minutes - Classroom Based	Not Applicable
FF. Charter School Facility Grant Program	Not Applicable

¹ We did not perform testing for independent study because the ADA was under the level which requires testing.

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 during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirements 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 Auditors' 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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Ontario, California
January 26, 2026

FINDINGS AND QUESTIONED COSTS

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.027	Special Education Cluster

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

Auditee qualified as low-risk auditee? x yes _____ no

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2025**

Section I – Summary of Auditors’ Results (Continued)

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported in accordance with the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2025**

There were no findings in the prior year.

CONTINUING DISCLOSURE INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
JUNE 30, 2025**

Assessed valuation for fiscal year 2023-24

\$ 47,099,256,234

**Fullerton Joint Union High School District
Largest Local Secured Taxpayers
Fiscal Year 2024-25**

	Property Owner	Primary Land Use	2024-25 Assessed Valuation	% of Total ⁽¹⁾
1	GLC Fullerton LLC	Industrial	\$ 298,368,410	0.63 %
2	IMP Valentia LP	Apartments	188,781,673	0.40
3	The Source at Beach LLC	Commerical	188,614,821	0.40
4	Trea Amplifi Apartments LLC	Apartments	173,709,530	0.37
5	Comref So Ca Industrial Sub A & P LLC	Industrial	171,168,603	0.36
6	Wilshire Lambert Road Owner LLC	Industrial	159,120,000	0.34
7	Centerpointe Properties Trust	Commercial	148,535,744	0.32
8	Aspect Acquisition LLC	Apartments	146,132,997	0.31
9	Prologis USLV Subreit 3 LLC	Commercial	136,264,017	0.29
10	FHF I Amerige Pointe LLC	Apartments	130,850,386	0.28
11	3503 RP Fullerton Metrocenter Land LLC	Commercial	120,840,901	0.26
12	CVS Pharmacy Inc.	Industrial	116,429,857	0.25
13	McComber Creek LLC	Apartments	114,998,652	0.24
14	Uptown Fullerton LLC	Apartments	112,645,115	0.24
15	La Habra Association	Commercial	109,654,883	0.23
16	WPI-Nordahl LLC	Commericla	106,502,095	0.23
17	Alticor Inc.	Industrial	104,804,982	0.22
18	Corecare III	Apartments	102,993,992	0.22
19	University House Fullerton LLC	Apartments	101,955,644	0.22
20	Reef America REIT II Corp.	Industrial	99,142,680	0.21
Total Top 20			<u>\$ 2,831,514,982</u>	<u>6.03 %</u>

(1) FY2024-25 Local secured assessed valuation: \$47,099,256,234



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

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APPENDIX D

ORANGE COUNTY, CALIFORNIA, 2025 INVESTMENT POLICY

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Orange County California



Investment Policy

(Approved By B.O.S. 2/11/2025)

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ORANGE COUNTY INVESTMENT POLICY

PURPOSE

The Orange County Investment Policy (“Policy”) provides the structure for the prudent investment of the funds of the County of Orange (“County”) and the funds of other depositors in the County treasury.

I. POLICY STATEMENT

The Policy is prepared in accordance with California State law and based on prudent money management practices. The primary goal is to invest public funds in a manner that will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The Orange County Investment Fund (OCIF), which includes all cash balances deposited into the Treasury, is designed to meet both the investment and cash requirements of our participants.

II. SCOPE

This Policy governs the investment of funds deposited into the County treasury. This Policy is more restrictive than State law in certain areas. Funds from bond proceeds may be invested in accordance with Government Code section 53601(m), which authorizes investment in accordance with the statutory provisions governing the issuance of the bonds, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the approved documents providing for the issuance.

1. Pooled Funds:

The County will maintain a pooled investment fund. The pooled fund’s name is the Orange County Treasury Pool (OCTP). Government Code Sections 53600 *et seq.*, 53630 *et seq.* and 27000.3 guide the investment requirements of the OCTP, and, if applicable, the OCTP may be a permitted investment for bond proceeds.

2. Specific Investment Accounts:

The County or a participant that deposits funds in the County treasury may request a specific investment account to invest funds pursuant to a specific investment objective. Such investments may include cash required for future long-term needs. All new specific investment accounts require the written approval of the County Investment Manager, as defined in Section IV (Investment Authority). If approved, the investments will be matched to the time-horizon for their future use or to an identified liability. The County or the governing body of any participating agencies will be required to sign a written agreement acknowledging that there may be risk to principal should they desire to redeem funds early.

In addition, no investment will be made in any security that at the time of the investment has a term remaining to maturity in excess of five years, unless the appropriate legislative body has granted express authority either specifically or as part of an investment program approved by that legislative body no less than three months prior to the investment.

III. PRUDENT INVESTOR STANDARD

The Board of Supervisors, as a fiduciary of public funds adheres to the “prudent investor” standard as stated in Government Code sections 27000.3 and 53600.3. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the Board of Supervisors shall act with care, skill, prudence and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the County and other depositors that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the County and the other depositors. Within the limitation of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law.

The Board of Supervisors and those delegated staff shall act in accordance with written procedures and the Policy, exercise due diligence, report in a timely fashion and implement appropriate controls to mitigate adverse developments

IV. INVESTMENT AUTHORITY

The authority to invest the funds of the County and the funds of other depositors in the County Treasury rests with the Board of Supervisors. The Board may delegate its investment authority as it determines appropriate. Throughout this Policy, the “County Investment Manager” shall be defined as the County official or individual who is authorized by the Board to invest the funds of the County and the funds of other depositors in the County treasury.

V. OBJECTIVES

The primary investment objectives, presented in their absolute order of priority, are:

1. SAFETY

Safety of principal is the foremost investment objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital.

The County Investment Manager shall seek to preserve principal and minimize capital losses by mitigating credit risk and market risk as follows:

- a) **Credit Risk:** Defined as an issuer’s ability and willingness to repay interest and principal. Credit risk shall be mitigated by diversifying the fund among issues and issuers so that the failure of any one issue or issuer would not result in a significant loss of income or principal to participants.
- b) **Market Risk:** Defined as the risk of market value fluctuations due to changes in the general level of interest rates. Because longer-term securities generally have greater market risk than shorter-term securities, market risk will be mitigated by establishing a maximum duration for OCTP. Occasional market losses on individual securities may occur with portfolio management and they must be considered within the context of the overall investment return.

2. LIQUIDITY

Liquidity refers to the ability to sell an investment at any moment with a minimal chance of principal loss. OCIF will maintain sufficient liquidity for the purpose of meeting all daily operating requirements based on reasonably anticipated cash flow needs.

3. YIELD

Yield refers to the objective of attaining a market rate of return commensurate with the risk profile and cash flow characteristics of the portfolio throughout budgetary and economic cycles. Although the County Investment Manager may employ certain indices to gauge the funds' rate of return, such indices shall be used solely for comparative purposes and do not constitute a warranty or guarantee of actual fund performance. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. As noted in Government Code Section 53601.6, securities issued by, or backed by, the United States government can result in zero or negative interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates.

MARK-TO-MARKET

The OCTP and Specific Investment Accounts investments are marked to market daily. The OCTP will attempt to maintain a \$1.00 net asset value (NAV) to the extent reasonably possible and consistent with the Board of Supervisors' trust and fiduciary duty. If the ratio of the market value of OCTP divided by the book value of OCTP is less than \$.9975, then the variance will be reported as well as any expected impact on the OCTP ability to meet forecasted cash outflows. In addition, the County Investment Manager may decide to sell holdings as necessary to maintain the OCTP's NAV above \$.9975. However, the OCTP \$1.00 NAV is not guaranteed or insured by the Board of Supervisors nor is OCTP registered with the Securities Exchange Commission (SEC).

The County Investment Manager will provide the NAV of OCTP and each Specific Investment Account in the investment report.

VI. AUTHORIZED INVESTMENTS

The County is authorized to invest in specific types of securities as provided in the Government Code. Investments not specifically listed below are prohibited. All securities must be United States dollar denominated. The County Investment Manager may place orders for the execution of transactions with or through such broker/dealers, banks or counterparties as may be selected from time to time at his/her discretion, consistent with legal requirements and this Policy.

The OCTP and Specific Investment Accounts may invest in the following areas to the extent they are consistent with the investment objectives, do not violate the investment restrictions, and adhere to limitations specified in this section, and Sections VII and VIII.

1. U. S. TREASURY SECURITIES

United States Treasury bills, notes, bonds, or certificates of indebtedness, for which the full faith and credit of the United States are pledged for the payment of principal and interest.

2. U. S. GOVERNMENT AGENCY SECURITIES

Obligations, participations, or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise (GSE). There is no limit on the percentage of OCTP that can be invested in this category including no issuer limit.

3. COMMERCIAL PAPER

Commercial Paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a Nationally Recognized Statistical Rating Organization

("NRSRO"). The entity that issues the commercial paper shall meet either of the following conditions in paragraph (a) or paragraph (b):

- a) Has total assets in excess of five hundred million dollars (\$500,000,000), is organized and operating within the United States as a general corporation and has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.
- b) Is organized in the United States as a special purpose corporation, trust, or limited liability company, has program-wide credit enhancements including, but not limited to overcollateralization, letters of credit or a surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

4. NEGOTIABLE CERTIFICATES OF DEPOSIT

Negotiable certificates of deposit issued by a nationally or state-chartered bank, savings association, or a federal association (as defined by Section 5102 of the California Financial Code), or by a federally licensed or state-licensed branch of a foreign bank.

5. REPURCHASE AGREEMENTS

Investments in repurchase agreements for the purpose of this Policy means a purchase of securities by the County Investment Manager pursuant to an agreement by which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the County by book entry, physical delivery, or by third party custodial agreement. The term of a repurchase agreement shall not exceed one year and have capital of not less than \$500,000,000. The term "securities," for the purpose of repurchase agreements, means securities of the same issuer, description, issue date and maturity.

To participate in repurchase agreements, a master repurchase agreement must be completed and signed by all parties involved. The County will maintain a signed copy of the agreement. Repurchase agreements are required to be collateralized by securities or cash.

Collateralization:

In order to anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall comply with the market value requirement if the value of the underlying securities is brought back up to 102% no later than the next business day.

Collateral will be limited to cash, and U.S. Treasury and U.S. Government Agency securities. For compliance purposes, U.S. Treasury and U.S. Government Agency collateral are exempt from the issuer limits as stated in Section VIII.1. Collateral will be held by an independent third party with whom the County Investment Manager has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the County and retained. No collateral substitutions may be made without prior approval of the County Investment Manager.

Agreements are subject to Government Code Section 53601 and must comply with the delivery requirements and the maturity provision from Section 53601.

6. BANKERS' ACCEPTANCES

Bankers' acceptances, also known as time drafts or bills of exchange that are drawn on and accepted by a commercial bank. Purchases of bankers' acceptances shall not exceed 180 days maturity.

7. MONEY MARKET MUTUAL FUNDS

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), which only invest in direct obligations in U.S. Treasury bills, notes, and bonds, U.S. Government Agencies, Municipal Debt, and repurchase agreements with a weighted average maturity of 60 days or less. Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV) are prohibited. The County Investment Manager shall be required to investigate money market mutual funds prior to investing and perform a periodic review, but at least annually thereafter while the funds are invested in the money market mutual fund. Approved money market mutual funds shall meet either of the following criteria:

- a) Attained the highest ranking or the highest letter and numerical rating provided by no less than two NRSROs.
- b) Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500,000,000.
- c) Money market mutual funds will not exceed 20 percent of the agency's moneys. No more than 10 percent of the agency's moneys may be invested in shares of beneficial interest of any one mutual fund. For specific investment accounts, this constraint will apply to the agency's total balances in both OCTP and the specific investment account (s).

8. STATE POOL – LOCAL AGENCY INVESTMENT FUND

The County Investment Manager may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer under Government Code Section 16429.1. LAIF has no final stated maturity and will be reported as a one-day maturity.

9. MUNICIPAL DEBT

Such instruments are defined as being issued by a local or state agency, including:

- a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency or authority of the local agency.
- b) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of a state.
- c) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

10. MEDIUM-TERM NOTES

Medium-term notes are defined as all corporate and depository institution debt securities with a maximum remaining maturity of two years. Medium-term notes must be issued by

corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.

11. INVESTMENT POOLS

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7, which invests in the securities and obligations as authorized under 53601 (a) to (o), inclusive, and that comply with the investment restrictions of Government Code Sections 53600 through 53610 and Section 53630. The County Investment Manager shall be required to investigate all local government investment pools prior to investing and perform a quarterly review thereafter while the funds are invested in the pool. The analysis shall include, but is not limited to, the following characteristics of a pool/fund as part of its investigation and quarterly review:

- Eligible securities
- Maximum maturity
- REPO collateral/counter-party
- Size of the pool/fund
- Limits on withdrawal/deposit
- Expense ratio

12. SUPRANATIONAL SECURITIES

Supranational securities are defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity five years or less, and eligible for purchase and sale within the United States.

VII. INVESTMENT CREDIT RATING RESTRICTIONS

For OCTP and Specific Investment Accounts, credit ratings will be applied at the time of purchase of a security and monitored for changes while owned. A downgrade subsequent to purchase in a security's credit rating will not constitute a violation of the Policy. Securities that are downgraded below the minimum acceptable rating levels must be reviewed for possible sale by the County Investment Manager within a reasonable amount of time. The credit ratings referenced in this policy must be assigned by one of the following NRSROs: Standard & Poor's Corporation (S&P), Moody's Investors Service, Inc. (Moody's) and Fitch Ratings (Fitch).

All investments, except those noted below in a) and b): 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required in the table below:

NRSRO	Short-Term	Long-Term
S&P	A-1	AA
Moody's	P-1/MIG 1/VMIG 1	Aa
Fitch	F-1	AA

If an issuer of Long-term debt has a Short-term debt rating, then the Long-Term rating may not be less than the minimum required Short-term debt ratings in the table above.

Any issuer, and all related entities, that have been placed on “Credit Watch-Negative” or downgraded by a NRSRO will be placed on hold and current holdings reviewed for possible sale within a reasonable period of time unless the following criteria are met and are also approved in writing by the County Investment Manager prior to purchase:

The issuer has:

- (a) an A-1+ or F1+ short-term rating; and
- (b) at least an AA or Aa2 or higher long-term rating from each of the NRSROs that rate the issuer.

Exceptions to the Rating Policy above:

- a) Municipal debt issued by the County of Orange, California (as defined in Section VI.9), U.S. Government obligations (as defined in Section VI.1 and VI.2) and State Pool (as defined in Section VI.8), are exempt from the credit rating requirements listed above.
- b) Money Market Mutual funds satisfying the requirements of Section VI.7 and Investment Pools (as defined in Section VI.11) require the highest ranking or the highest letter and numerical rating provided by at least one NRSRO.

VIII. INVESTMENT TYPE, DIVERSIFICATION, MATURITY AND DURATION RESTRICTIONS

It is best practice to diversify the OCTP and Specific Investment Accounts. Investments diversification is required to minimize the risk of loss resulting from assets off a specific maturity, issuer or a specific class of securities. The diversification strategies shall be established by the County Investment Manager and periodically reviewed.

1. ISSUER CONCENTRATION

Only debt of issuers listed on the Approved Issuer List may be purchased. The following diversification limits will also apply at the time of purchase of a security.

Investment Type	California Government Code			The Policy		
	Investment Limit	Issuer Limit	Max Maturity	Investment Limit	Issuer Limit	Max Maturity
U.S. Treasury Securities	100%	None	5 Years	100%	None	5 Years
U.S. Government Agency Securities (GSE's)	100%	None	5 Years	100%	None	5 Years
Municipal Debt	100%	None	5 Years	20%	5% except OC at 10%	3 Years
Medium-Term Notes	30%	None	5 Years	20%	5%	2 Years
Bankers Acceptances	40%,	30%	180 Days	40%	5%	180 Days
Commercial Paper	40%,	10%	270 Days	40%	5%	270 Days
Negotiable Certificates of Deposits	30%	None	5 Years	20%	5%	18 months
State of California Local Agency Investment Fund	\$75 million per account	N/A	N/A	\$75 million per account	N/A	N/A
Repurchase Agreements	100%	None	1 Year	20%	10%	180 Days
Money Market Mutual Funds (MMMF)	20% of total agency funds	10% of total agency funds	N/A	20% (same)	10% (same)	N/A
Joint Power Authority Investment Pools (JPA)	100%	None	N/A	20%	10%	N/A
Supranationals	30%	None	5 Years	30%	5%	5 Years

2. MATURITY

- a) The maximum maturity of any investment purchased will be five years with the exception of Specific Investment Accounts and any investment in the OCTP that is expressly authorized by the Board of Supervisors or the appropriate legislative body to be invested in longer than five-year maturities. The settlement date will be used as the date of purchase for measuring maturity limitations.
- b) For calculating the weighted average maturity of the portfolio, the maturity of a variable-rate security will be considered its next interest rate reset date, if there is a reasonable expectation that the security will maintain an approximate value of par upon each adjustment of the security's interest rate at any time until final maturity.

3. DURATION

The OCTP shall have a maximum duration of 1.50 years. There are no duration requirements for the Specific Investment Accounts.

IX. PROHIBITED TRANSACTIONS

All permitted investments shall conform in all respects with this Policy and applicable provisions of the Government Code, as may be amended from time to time. Investments prohibited by the Government Code are not permitted.

The County Investment Manager must approve in writing as soon as possible any investment transactions that violates a credit risk criterion or an allocation limitation. Thereafter, action shall be taken by the County Investment Manager to correct such matter as soon as practical. If an investment is in compliance at the time of purchase, a subsequent violation resulting from a change in market values will not constitute a violation of that restriction.

1. The following transactions are prohibited:

- a) Borrowing for investment purposes ("Leverage").
- b) Reverse Repurchase Agreements, as defined by Government Code Section 53601(j)(3) and (j)(4).
- c) Structured Notes (e.g. inverse floaters, leveraged floaters, structured certificates of deposit, equity-linked securities, event-linked securities). This includes all floating-rate, adjustable-rate or variable-rate securities in which a change in interest rates or other variables that can reasonably be foreseen to occur during their term would result in their market value not returning to par at the time of each interest rate adjustment.

Simple "floating rate notes," whose periodic coupon adjustment is based on a short-term (one-year or less) rate index (such as Treasury bills, federal funds, prime rate, or SOFR) and which have a reasonable expectation of maintaining a value of par at each interest rate adjustment through final maturity, are exempt from this definition. Additionally, U.S. Treasury and Agency zero coupon bonds or callable securities that otherwise meet the quality, maturity and percent limitations assigned to their respective security category, are exempt from this section.

- d) Structured Investment Vehicles (SIV).
- e) Derivatives (e.g., options, futures, swaps, swap options, spreads, straddles, caps, floors, collars).
- f) Money Market Mutual Funds that do not maintain a constant Net Asset Value (NAV).

X. ETHICS AND CONFLICT OF INTEREST

The County Investment Manager and all persons involved in the investment process shall refrain from personal business activity, which could create a conflict with proper execution of the investment program, or which could impair the ability to execute impartial investment decisions. The County Investment Manager and investment personnel shall disclose to the applicable oversight body any material financial interests in financial institutions, broker dealers, and vendors (“Outside Entities”) that conduct business with the County of Orange and shall disclose any material financial investment positions in such Outside Entities.

1. STATEMENT OF ECONOMIC INTEREST FORM 700

County officers, public officials and all designated employees must annually file a Form 700 (Statement of Economic Interests) in accordance with the County’s Conflict-of-Interest Code.

2. COUNTY’S GIFT BAN ORDINANCE – SEC. 1-3-22 THE CODIFIED ORDINANCES, ORANGE COUNTY, CALIF.

The County’s Gift Ban Ordinance prohibits the receipt of specified gifts to the County officers, public officials and “designated employees” from business entities and individuals that “do business with the County” as that term is defined in the Ordinance. Under the Ordinance, the term “designated employee” includes every employee of the County who is designated in the County’s Conflict-of-Interest Code to file a Form 700 and every member of a board or commission under the jurisdiction of the Board of Supervisors required to file such a form. The County Investment Manager will review this list of “designated employees” periodically and submit any proposed changes to the Board of Supervisors for approval.

XI. AUTHORIZED BROKER/DEALERS AND FINANCIAL INSTITUTIONS

The County Investment Manager will maintain a list of broker/dealers and financial institutions authorized to provide investment and/or depository services and products. Any permitted investment, not purchased directly from an approved issuer, shall be purchased either from a “primary” or regional securities broker/dealer qualifying under SEC Rule 15c3-1 (uniform net capital rule) and licensed by the state as a broker/dealer as defined in Section 25004 of the Corporations Code or a “well capitalized” national bank or Federal savings association as defined in Title 12 of the Code of Federal Regulations (CFR) Part 6.4 or a savings association or Federal association as defined by Section 5102 of the California Financial Code. To be eligible to receive local agency money, a bank, savings association, federal association or federally insured industrial loan company shall have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Government Code sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

Broker/dealers must comply with the political contribution limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board. Any broker, brokerage, dealer, or securities firm that contributed to the County Investment Manager, Treasurer, any member of the Board of Supervisors, or any candidate for those offices, within any consecutive 48-month period, are prohibited from selection onto the list of authorized security broker/dealers.

The County Investment Manager shall conduct an annual review of each broker/dealer and financial institution's financial condition and registrations to determine whether it should remain on the approved broker/dealer list for investment and/or depository services and require annual audited financial statements to be on file for each firm. The County Investment Manager shall strive to open an application period every two years for all new broker/dealers and financial institutions submitting a questionnaire or being reviewed if an existing broker/dealer to determine if they should be added to or removed from the approved broker/dealer list. This detailed questionnaire is required to be completed by broker/dealers and financial institutions seeking to provide investment services.

The County Investment Manager shall annually send a copy of the current Policy to all broker/dealers and financial institutions approved to provide investment services to the County, and they shall notify the County Investment Manager in writing of receipt and that they have received it.

XII. PERFORMANCE EVALUATION

The County Investment Manager shall either coordinate with the Treasurer, or submit its own investment report to the pool participants, the County Executive Officer, the Director of Internal Audit, the Auditor-Controller and the Board of Supervisors. The investment reports shall be issued no less frequently than within 45 days of the end of the quarter.

The investment report shall contain sufficient information to permit an informed outside reader to evaluate the performance of the investment program and shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held, and shall additionally include a description of any of the funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to securities held by the County Investment Manager, and under management any outside party that is not a local agency or LAIF, the report shall also include a current market value as of the date of the report and shall include the source of the valuation. The report shall also state compliance of the portfolio to the Policy, or the manner in which the portfolio is not in compliance. The investment report shall include a statement denoting the ability of the local agency to meet its pool expenditure requirements for the next six months, or an explanation as to why sufficient money shall, or may not be available.

The County Investment Manager shall provide financial information on investments for disclosure in the County's ACFR, in accordance with GASB Statements 31, 40, 72 and 84. In addition, the County Investment Manager shall either coordinate with the Treasurer, or submit its own report on monthly investment transactions to the Board of Supervisors.

XIII. SAFEKEEPING

All security transactions, including collateral for repurchase agreements, entered into by the County Investment Manager shall be conducted on a delivery-versus-payment (DVP) basis. All investments shall have the County of Orange and either the OCTP or the Specific Investment Account name as its registered owner except, if applicable, for municipal debt issued by the County of Orange through a private placement, in which case the name of the registered owner shall be determined by written agreement between the parties.

All securities shall be held by a third-party custodian designated by the Treasurer or applicable County officer (this does not apply to money market funds or investment pools). The third-

party custodian shall be required to issue a safekeeping statement to the Treasurer or applicable County officer listing the specific instrument, rate, maturity, and other pertinent information.

XIV. MAINTAINING THE PUBLIC TRUST

All participants in the investment process shall act as custodians of the public trust. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

XV. INTERNAL CONTROLS

The County Investment Manager shall establish a system of written internal controls, which will be reviewed annually with the County's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error, and misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the County Investment Manager. All agreements, statements, and investment trade packets will be subject to review annually by auditors in conjunction with their audit. The County Investment Manager shall evaluate audit reports in a timely manner with any applicable oversight body. Daily compliance of the investment portfolio shall be performed by the applicable County department. Compliance will be determined on a fair market value basis. Except for emergencies or previous authorization by the County Investment Manager, all investment transactions are to be entered daily into the appropriate Investment Accounting System.

1. INVESTMENT PROCEDURES

The County Investment Manager shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this Policy. Procedures will include reference to safekeeping, Master Repurchase Agreements, wire transfer agreements, collateral and depository agreements, banking service contracts, and other investment and banking related activities. Such procedures shall include explicit delegation of authority to personnel responsible for investment transactions.

The County Investment Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate investment related activities. No investment personnel may engage in an investment transaction except as provided under terms of this Policy and the procedures established by the County Investment Manager.

XVI. EARNINGS AND COSTS APPORTIONMENT

The County Investment Manager determines the interest earnings for the OCTP and then allocates them to each individual pool participant based upon their average daily balance.

Any authorized officer who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income, as authorized by Government Code Section 27013. Such cost reimbursement shall be paid into the county general fund. In addition, if applicable, the costs of compliance with Government Code section 27130, *et seq.* shall be included as an eligible administrative cost. The County Investment Manager shall annually prepare a proposed budget revenue estimate and estimated

basis fee charge of this investment administrative fee charged in accordance with Government Code Section 27013. The County Investment Manager must annually reconcile the estimated charges and actual costs incurred and adjust participant accounts accordingly.

Investment earnings, including any gains or losses, less the above estimated fee charge will be allocated to the pool participants on at least a quarterly basis. The applicable investment report will state the current estimated investment administrative fee charged to participants.

XVII. PERFORMANCE STANDARDS

The investment portfolio shall be designed with the objective of obtaining a market rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs, while focusing on, in order of importance, preservation of capital, liquidity and yield.

The investment strategy is to manage the portfolios with less risk than a comparable benchmark index while using economies of scale to administer the program at a reasonable cost. The County Investment Manager shall determine whether market yields are achieved using the indices most comparable to the fund, such as money rate data published in Barron's, The Wall Street Journal, Bloomberg, the local government investment pool index or other bond fund indices. The standards enumerated herein do not constitute a guarantee of the fund's performance.

The County Investment Manager's investment strategy is to hold purchased securities until maturity. Changing economic conditions, interest rates, and credit quality may dictate a sale in advance to minimize market and credit risks or enhance yield. Such sales should consider the short- and long-term impact on the portfolio. The County Investment Manager must approve in advance the sale of all securities prior to maturity.

XVIII. INVESTMENT POLICY REVIEW

This Policy shall be reviewed on an annual basis by the County Investment Manager and any applicable oversight body. The Policy shall be submitted annually to the Board as a receive and file item as part of the County's Strategic Financial Plan. However, any changes to the Policy shall be presented for review and approval by the Board of Supervisors.

XIX. FINANCIAL REPORTING

All applicable investment reports and all investment compliance Audit Reports shall be provided to the Orange County Board of Supervisors, the County Executive Officer, the Chief Financial Officer, the Director of Internal Audit, the Auditor-Controller, any applicable oversight body, and the presiding judge of the Superior Court. All reports filed by the County Investment Manager shall, among other matters, state compliance of the portfolio with the Policy, or the manner in which the portfolio is not in compliance. A statement will also be filed by the denoting the ability of OCTP to meet its expenditure requirements for the next six months or provide an explanation of why sufficient money may not be available.

XX. LEGISLATIVE CHANGES

Any State of California law that further restricts allowable maturities, investment type, percentage allocations, or any other provision of this Policy will, upon effectiveness, be incorporated into this Policy and supersede any and all previous applicable language.

XXI. DISASTER RECOVERY PROGRAM

The Disaster Plan includes critical phone numbers and addresses of key treasury and investment personnel as well as currently approved bankers and broker/dealers. The Disaster Plan is distributed to key County and investment personnel. The plan provides for an offsite location to be communicated at the time of readiness if our offices are uninhabitable. In the event the County Investment Manager or authorized staff is unable to invest the portfolio, the Treasurer, or applicable County officer, has an agreement with the custodian for a daily sweep of uninvested cash with the custody bank into a money market mutual fund. Until normal operations of the County Investment Manager's office have been restored, the limitations on the size of an individual issuer and the percentage restrictions by investment type would be allowed to exceed those approved in this Policy and would be required to be reported to the Board of Supervisors and pool participants in a timely manner.

XXII. INVESTMENT POLICY GLOSSARY

This Glossary is for general reference purposes only and does not constitute an exhaustive or exclusive list of terms and definitions applicable to this Investment Policy. The definitions included herein do not modify any of the terms of this Investment Policy or applicable law.

ACCREDITED INVESTOR: Defined in the Code of Federal Regulations (CFR) 230.501 (a)(9) as any entity, including a government body that owns “investments”, as defined in the CFR 270.2A51-1(b)(7)(i), such as cash and cash equivalents, for investment purposes under the Investment Company Act in excess of \$5 million.

ACCRUED INTEREST: The amount of interest that is earned but unpaid since the last interest payment date.

ADJUSTABLE RATE NOTE: (See Floating Rate Note)

AGENCY SECURITIES: (See U.S. Government Agency Securities)

AMORTIZATION: The systematic reduction of the amount owed on a debt issue through periodic payments of principal.

AVERAGE LIFE: The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

ASKED PRICE: The price at which securities are offered from a seller.

ASSET BACKED SECURITIES (ABS): (See Receivable-Backed Securities)

BANKERS' ACCEPTANCE (BA): Negotiable money market instruments issued primarily to finance international trade. These are time drafts in which a bank “accepts” as its financial responsibility to pay the principal at maturity even if the importer does not. In essence, these are bank obligations collateralized by goods being shipped between an exporter and an importer.

BASIS POINT: When a yield is expressed as 7.32%, the digits to the right of the decimal point are known as basis points. One basis point equals 1/100 of one percent. Basis points are used more often to describe changes in yields on bonds, notes and other fixed-income securities.

BID PRICE: The price at which a buyer offers to buy a security.

BOOK ENTRY: The system, maintained by the Federal Reserve, by which most money market securities are “delivered” to an investor’s custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities, and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). The owners of these securities do not receive physical certificates.

BOOK VALUE: The original cost of the investment, plus accrued interest and amortization of any premium or discount.

BROKER: A broker brings buyers and sellers together and is compensated for his/her service.

CALLABLE BONDS: Bonds that may be redeemed by the issuing company prior to the maturity date.

CALL PRICE: The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

CALL RISK: The risk to a bondholder that a bond may be redeemed prior to maturity.

CAPITAL GAIN/LOSS: The profit or loss realized from the sale of a capital asset.

COUNTY INVESTMENT MANAGER: The County official or individual authorized by the Board of Supervisors to invest the funds of the County and the funds of other depositors in the County treasury.

CERTIFICATE OF DEPOSIT (CD or NCD): A deposit of funds at a bank for a specified period of time that earns interest at a specified rate. Commonly known as "CDs" or "negotiable CDs."

COLLATERAL: Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public moneys.

COMMERCIAL PAPER (CP): Short-term unsecured promissory notes issued by corporations for maturities of 270 days or less.

CONSUMER RECEIVABLE-BACKED BONDS: (See Receivable-Backed Securities)

CONVEXITY: A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

CREDIT OUTLOOK: (See Rating Outlook)

CREDIT QUALITY: The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized statistical rating organizations.

CREDIT RISK: The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CREDIT WATCH: indicates that a company's credit is under review and credit ratings are subject to change.

*+ (positive) Credit is under review for possible upgrade.

*- (negative) Credit is under review for possible downgrade.

* Credit is under review, direction uncertain.

COUPON: The rate at which a bond pays interest.

CURRENT YIELD: The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for

his own account.

DELIVERY VERSUS PAYMENT (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

DERIVATIVE: A security whose interest rate of principal amount may vary and are determined by a market index or a combination of market indexes.

DISCOUNT: The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as Treasury bills and bankers acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION: An investment principle designed to spread the risk in a portfolio by dividing investments among different sectors, industries and companies.

DOLLAR-WEIGHTED AVERAGE MATURITY: A calculation that expresses the “average maturity” of an investment portfolio using each investment’s maturity weighted by the size of that investment.

DURATION: A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

FEDERAL FUNDS RATE: Interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. A target rate is set by the FOMC.

FEDERAL OPEN MARKET COMMITTEE (FOMC): This committee sets Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: A U.S. centralized banking system, which has supervisory powers over the 12 Federal Reserve banks and about 6,000 member banks.

FITCH, INC: (see Nationally Recognized Statistical Rating Organization)

FIXED-INCOME SECURITIES: Securities that return a fixed income over a specified period.

FLOATING RATE NOTE: A debt security whose interest rate is reset periodically (monthly, quarterly, annually) and is based on a market index (e.g. Treasury bills, Secured Overnight Financing Rate (SOFR), etc.).

INTEREST: The amount earned while owning a debt security, generally calculated as a percentage of the principal amount.

INTERNAL CONTROLS: An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

INVESTMENT COMPANY ACT OF 1940: Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

LIQUIDITY: The speed and ease with which an investment can be converted to cash.

LOCAL AGENCY: County, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

MARK-TO-MARKET: The market valuation for every security in a portfolio used in determining Net Asset Value (NAV).

MARKET RISK: The risk that changes in overall market conditions or interest rate may adversely affect current market prices.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract between the parties of a repurchase agreement establishing each party's rights in all current and future transactions until termination of the contract by either party.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MEDIUM TERM NOTES (MTN): Debt securities issued by a corporation or depository institution with a maturity ranging from nine months to five years. The term "medium-term note" refers to the time it takes for an obligation to mature, and includes other corporate debt securities originally issued for maturities longer than five years, but which have now fallen within the five-year maturity range. MTNs issued by banks are also called "bank notes."

MONEY MARKET: The market in which short-term debt instruments (Treasury bills, discount notes, commercial paper, bankers acceptances, etc.) are issued and traded.

MONEY MARKET MUTUAL FUNDS: An investment company that pools money from investors and invest in a variety of short-term money market instruments

MOODY'S INVESTORS SERVICE, INC: (See Nationally Recognized Rating Services)

MUNICIPAL DEBT: Bonds, notes and other securities issued by a state, municipality or county.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO): Firms that review the creditworthiness of the issuers of debt securities, and express their opinion in the form of letter ratings (e.g. AAA, AA, A, BBB, etc.). The primary rating agencies are the following: Standard & Poor's Corporation; Moody's Investor Services, Inc.; and Fitch, Inc.

NEGOTIABLE CD: (See Certificates of Deposit)

NET ASSET VALUE (NAV): A per-share valuation of a mutual fund based on total assets minus total liabilities.

NON-CALLABLE: Bond that cannot be called at the option of the issuer.

OFFER PRICE: The price asked by a seller of securities.

PAR or PAR VALUE: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

PHYSICAL DELIVERY: The delivery of an investment to a custodian bank in the form of a physical certificate and/or supporting documents evidencing the investment (as opposed to “book entry” delivery).

PORTFOLIO: A group of securities held by an individual or institutional investor.

PREMIUM: The difference between the par value of a bond and the market value of the bond, when the market value is above par.

PRICE RISK: The risk that the price of a bond sold prior to maturity will be less than the price at which the bond was originally purchased.

PRIMARY DEALER: Banks and securities brokerages authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Federal Open Market Operations.

PRIME RATE: The base rate that banks use in pricing commercial loans to their best and most creditworthy customers.

PRINCIPAL: The face value or par value of an investment.

PROSPECTUS: A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information of the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements.

QUALIFIED INSTITUTIONAL BUYER (QIB): Defined in CFR Section 230.144A as a class of investors that can be conclusively assumed to be sophisticated and in little need of the protection afforded by the Securities Act’s registration provisions. They must own and invest on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the QIB to qualify for qualified institutional buyer status. This includes any institutional investors included in the accredited investor definition, provided they satisfy the \$100 million threshold.

RATING OUTLOOK: The potential direction of the credit rating assigned by a NRSRO for a specific company.

REINVESTMENT RISK: The risk that coupon payments (or other payments received) cannot be reinvested at the same rate as the initial investment.

RECEIVABLE-BACKED SECURITIES: Securities collateralized with consumer receivables, such as automobile loans, credit card receivables, or home equity loans, which are owned by the issuer, but placed with a trustee for the benefit of the investor.

RECEIVABLE PASS-THROUGH CERTIFICATE: A debt obligation that is backed by a portfolio of receivables, normally issued by a bank or financial institution. The interest and principal of the obligation is paid out of the cash flow generated by the receivables portfolio.

REFUNDED BOND: A bond secured by an escrow fund that is sufficient to pay off the entire issue of bonds at the next call date (pre-funded) or maturity (escrowed to maturity).

REGISTERED STATE WARRANT: A short-term obligation of a state governmental body issued in anticipation of revenue.

REPURCHASE AGREEMENT (REPO): The purchase of securities, on a temporary basis, with the seller's simultaneous agreement to repurchase the securities back at a later date at a specified price that includes interest for the buyer's holding period.

RULE 2a-7 OF THE INVESTMENT COMPANY ACT: Applies to all money market mutual funds and mandates such funds to maintain certain standards.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD: Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

SAFEKEEPING: Storage and protection of a customer's financial assets, valuables, or documents, provided as a service by an institution serving as Agent or Custodian and, where control is delegated by the customer.

SECURITIES & EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

SINKING FUND: Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

STANDARD & POOR'S CORPORATION: (See Nationally Recognized Rating Services)

STRUCTURED INVESTMENT VEHICLE (SIV): A pool of investment assets that attempts to profit from credit spreads between short-term debt and long-term structured finance products such as asset-backed securities (ABS). Funding for SIVs comes from the issuance of commercial paper that is continuously renewed or rolled over; the proceeds are then invested in longer maturity assets that have less liquidity but pay higher yields. SIVs often employ great amounts of leverage to generate returns.

SUPRANATIONAL: An entity that is formed by two or more central governments with the purpose of promoting economic development for the member countries. Examples include the International Bank for Reconstruction and Development, International Finance Corporation, and the Inter-American Development Bank.

THIRD-PARTY CUSTODIAL AGREEMENT: (See Custodian)

TOTAL RETURN: The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period.

$$(\text{Price appreciation}) + (\text{Dividends paid}) + (\text{Capital gains}) = \text{Total Return}$$

TRADE DATE: The date and time corresponding to an investor's commitment to buy or sell a security.

U. S. GOVERNMENT AGENCY SECURITIES: Debt securities issued by U.S. Government sponsored enterprises and federally related institutions. These government agencies include: Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac), Federal National Mortgage Association (FNMA or Fannie Mae), Federal Farm Credit Banks (FFCB) and Tennessee Valley Authority (TVA).

U.S. TREASURY SECURITIES: Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the U.S. and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills: non-interest-bearing discount securities with maturities under one year issued by the U.S. Treasury to finance the national debt.

Treasury notes: interest-bearing obligations of the U.S. Treasury with maturities ranging from two to ten years from date of issue.

Treasury bonds: interest-bearing obligations issued by the U.S. Treasury with maturities that range from ten to thirty years from date of issue.

UNIFORM NET CAPITAL RULE: SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

VARIABLE RATE NOTE: (See Floating Rate Note)

VOLATILITY: A degree of fluctuation in the price and valuation of securities.

WEIGHTED AVERAGE MATURITY (WAM): The average maturity of all the securities that comprise a portfolio. According to SEC rule 2a-7, the WAM for SEC registered money market mutual funds may not exceed 60 days and no one security may have a maturity that exceeds 397 days.

WHEN ISSUED (WI): A conditional transaction in which an authorized new security has not been issued. All “when issued” transactions are settled when the actual security is issued.

YIELD: The annual rate of return on a debt investment computed as though held to maturity expressed as a percentage.

YIELD TO CALL (YTC): The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date.

YIELD TO MATURITY (YTM): The rate of return earned on an investment considering all cash flows and timing factors: interest earnings, discounts, and premiums above par.

ZERO-COUPON BONDS/U.S. TREASURY STRIPS: A bond which represents ownership of a single coupon or principal payment due on a U.S. Treasury bond. Zeros or strips mature at face value at a specified date in the future and make no payments until that date. They always sell at a discount from face value.

APPENDIX E

FORMS OF OPINIONS OF BOND COUNSEL

[FORM OF SERIES B BONDS BOND COUNSEL OPINION]

_____, 2026

Board of Trustees of the
Fullerton Joint Union High School District

Re: § _____ *Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series B (2026)*

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of § _____ Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series B (2026) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

(1) Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, a greater than fifty-five percent vote of the qualified electors of the Fullerton Joint Union High School District (the “District”) voting at an election held on November 5, 2024, and a resolution of the Board of Trustees of the District adopted on April 14, 2026 (the “Resolution”).

(2) The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of ad valorem property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

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

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

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

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

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds and the Resolution.

Certain agreements, requirements and procedures contained or referred to in the Resolution and the Tax Certificate executed by the District with respect to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. We express no opinion as to the effect on exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth LLP.

The opinions expressed herein and the exclusion of interest (and original issue discount) on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement and any supplements thereto.

Respectfully submitted,

[FORM OF REFUNDING BONDS BOND COUNSEL OPINION]

_____, 2026

Board of Trustees of the
Fullerton Joint Union High School District

Re: § _____ *Fullerton Joint Union High School District (Orange and Los Angeles
Counties, California) 2026 General Obligation Refunding Bonds*

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of § _____ Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) 2026 General Obligation Refunding Bonds (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

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

(1) Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution of the Board of Trustees of the District adopted on April 14, 2026 (the “Resolution”).

(2) The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of ad valorem property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

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

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

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

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

The opinions expressed in paragraphs (3) and (5) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (3), (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California. We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds and the Resolution.

Certain agreements, requirements and procedures contained or referred to in the Resolution and the Tax Certificate executed by the District with respect to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. We express no opinion as to the effect on exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bond if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth LLP.

The opinions expressed herein and the exclusion of interest (and original issue discount) on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.x

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement and any supplements thereto.

Respectfully submitted,

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APPENDIX F

FORMS OF CONTINUING DISCLOSURE CERTIFICATES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the FULLERTON JOINT UNION HIGH SCHOOL DISTRICT (the “District”) in connection with the issuance by the District of its \$ _____ Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) General Obligation Bonds, Election of 2024, Series B (2026) (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on April 14, 2026 (the “Resolution”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means March 31 after the end of the District’s fiscal year.

“*Dissemination Agent*” shall mean, initially, Koppel & Gruber Public Finance, or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“*Fiscal Year*” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Paying Agent.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Participating Underwriter*” means the original underwriter of the Bonds.

“*Rule*” means Rule 15c2–12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“*Significant Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2–12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2027, with the report for fiscal year 2025-26 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(1) The District's adopted budget for the then current fiscal year.

(2) The average daily attendance in District schools on an aggregate basis for the most recent year for which data is available.

(3) Pension plan contributions made by the District for the most recent year for which data is available.

(4) The aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year.

(5) A description of general fund revenues and expenditures which have been budgeted for the most recent year for which data is available, together with audited actual revenues and expenditures for the preceding fiscal year.

(6) The District's total Local Control Funding Formula ("LCFF") revenues for the most recent year for which data is available.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VI of the Resolution is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Resolution. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Paying Agent thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: _____, 2026

FULLERTON JOINT UNION HIGH SCHOOL
DISTRICT

By _____
Ruben Hernandez,
Assistant Superintendent,
Business Services

ACKNOWLEDGED:

KOPPEL & GRUBER PUBLIC FINANCE,
as Dissemination Agent

By _____
Lyn Gruber
Principal

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Fullerton Joint Union High School District

Name of Issue: \$_____ Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) General Obligation Refunding Bonds, Election of 2024, Series B (2026)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated _____, 2026, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

KOPPEL & GRUBER PUBLIC FINANCE,
Dissemination Agent

By _____
Authorized Officer

cc: Paying Agent

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the FULLERTON JOINT UNION HIGH SCHOOL DISTRICT (the “District”) in connection with the issuance by the District of its \$ _____ Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) 2026 General Obligation Refunding Bonds (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on April 14, 2026 (the “Resolution”). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“**Annual Report Date**” means March 31 after the end of the District’s fiscal year.

“**Dissemination Agent**” shall mean, initially, Koppel & Gruber Public Finance, or any successor Dissemination Agent designed in writing by the District and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

“**Fiscal Year**” means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Paying Agent.

“**MSRB**” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“**Official Statement**” means the final official statement executed by the District in connection with the issuance of the Bonds.

“**Participating Underwriter**” means the original underwriter of the Bonds.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

“**Significant Events**” means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2027, with the report for fiscal year 2025-26 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy

of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

(1) The District's adopted budget for the then current fiscal year.

(2) The average daily attendance in District schools on an aggregate basis for the most recent year for which data is available.

(3) Pension plan contributions made by the District for the most recent year for which data is available.

(4) The aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year.

(5) A description of general fund revenues and expenditures which have been budgeted for the most recent year for which data is available, together with audited actual revenues and expenditures for the preceding fiscal year.

(6) The District's total Local Control Funding Formula ("LCFF") revenues for the most recent year for which data is available.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or

(xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a)(xv) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolution for amendments to the Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article VI of the Resolution is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Resolution. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Paying Agent thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds and shall create no rights in any other person or entity.

Date: _____, 2026

FULLERTON JOINT UNION HIGH
SCHOOL DISTRICT

By _____
Ruben Hernandez,
Assistant Superintendent,
Business Services

ACKNOWLEDGED:

KOPPEL & GRUBER PUBLIC FINANCE, as
Dissemination Agent

By _____
Lyn Gruber
Principal

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Fullerton Joint Union High School District

Name of Issue: \$_____ Fullerton Joint Union High School District (Orange and Los Angeles Counties, California) 2026 General Obligation Refunding Bonds

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated _____, 2026, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

KOPPEL & GRUBER PUBLIC FINANCE,
Dissemination Agent

By _____
Authorized Officer

cc: Paying Agent

APPENDIX G

BOOK-ENTRY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal of and interest on the Bonds to Direct Participants, Indirect Participants or Beneficial Owners (as such terms are defined below) of the Bonds, confirmation and transfer of beneficial ownership interests in the Bonds and other Bond related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners of the Bonds is based solely on information furnished by DTC to the District which the District believes to be reliable, but the District and the Underwriter do not and cannot make any independent representations concerning these matters and do not take responsibility for the accuracy or completeness thereof. Neither the DTC, Direct Participants, Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its service as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-Entry Only transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the District determines that DTC shall no longer act and delivers a written certificate to the Paying Agent to that effect, then the District will discontinue the Book-Entry System with DTC for the Bonds. If the District determines to replace DTC with another qualified securities depository, the District will prepare or direct the preparation of a new single separate, fully registered Bond for each maturity of the Bonds registered in the name of such successor or substitute securities depository as are not inconsistent with the terms of the Resolution. If

the District fails to identify another qualified securities depository to replace the incumbent securities depository for the Bonds, then the Bonds shall no longer be restricted to being registered in the Bond registration books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository or its nominee transferring or exchanging the Bonds shall designate.

In the event that the Book-Entry System is discontinued, the following provisions would also apply: (i) the Bonds will be made available in physical form, (ii) payment of principal of and interest on the Bonds will be payable upon surrender thereof at the trust office of the Paying Agent identified in the Resolution, and (iii) the Bonds will be transferable and exchangeable as provided in the Resolution.

The District and the Paying Agent do not have any responsibility or obligation to DTC Participants, to the persons for whom they act as nominees, to Beneficial Owners, or to any other person who is not shown on the registration books as being an owner of the Bonds, with respect to (i) the accuracy of any records maintained by DTC or any DTC Participants; (ii) the payment by DTC or any DTC Participant of any amount in respect of the principal of and interest on the Bonds; (iii) the delivery of any notice which is permitted or required to be given to registered owners under the Resolution; (iv) any consent given or other action taken by DTC as registered owner; or (v) any other matter arising with respect to the Bonds or the Resolution. The District and the Paying Agent cannot and do not give any assurances that DTC, DTC Participants or others will distribute payments of principal of and interest on the Bonds paid to DTC or its nominee, as the registered owner, or any notices to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. The District and the Paying Agent are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner in respect to the Bonds or any error or delay relating thereto.

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APPENDIX H

ORANGE COUNTY TREASURY POOL

Under California Government Code Section (CGC) 53601, effective January 1, 2025, the Board of Supervisors became the named fiduciary subject to the prudent investor standard and retained the authority to invest or reinvest the funds of the county and the funds of the Educational Districts in the County Treasury.

The primary goal of the Orange County Treasury Pool is to invest public funds in a manner which will provide the maximum security of principal invested with secondary emphasis on providing adequate liquidity to Pool Participants and lastly to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds. The main investing objectives, in order of priority are: Safety, Liquidity and Yield.

The Orange County Auditor-Controller Internal Audit Division, along with an outside auditor, conducts quarterly audits of the Orange County Treasury pursuant to CGC 26920(a). In addition, an annual audit, as required by CGC 26920(b) and CGC 27134 is performed by an outside auditor. All investment audit reports and the monthly Treasurer's Investment Report are available online at octreasurer.gov/publicfunds. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement).

The District's funds held by the County Treasury are invested in the Orange County Treasury Pool, which pools all of the public funds from the County and the Educational Districts. Neither the District nor the Underwriter has made an independent investigation of the investments in the Orange County Treasury Pool. The value of the various investments in the Orange County Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. As of January 31, 2025, Fitch Ratings, LLC has rated the pooled funds in the County Treasury at AAA for credit risk and a volatility rating of S1.

