

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



**ORANGE UNIFIED SCHOOL DISTRICT**  
*For the Fiscal Year Ended June 30, 2025*  
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*Financial Section*

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Orange Unified School District  
Orange, California

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Changes in Accounting Principle***

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the OPEB contributions, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the Schedule of Charter Schools, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the Schedule of Charter Schools, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Charter Schools 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 it.

**Other Information**

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to 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 November 25, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California  
November 25, 2025

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

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This discussion and analysis of Orange Unified School District’s financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

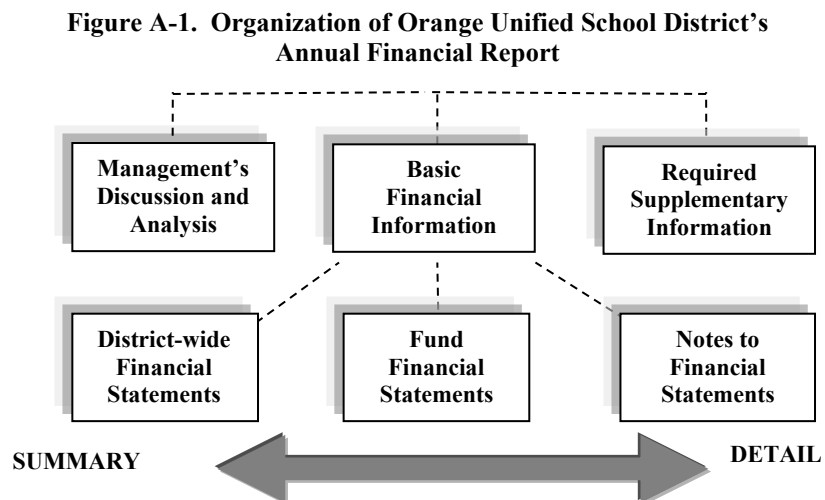
- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$60.1 million, or 20.5%.
- Governmental expenses were about \$419.2 million. Revenues were about \$479.4 million.
- The District acquired over \$52.8 million in new capital assets during the year.
- Governmental funds decreased by \$14.9 million, or 4.0%.
- Reserves for the General Fund increased by \$4.6 million or 39.1%. Revenues and other sources were \$427.1 million, and expenditures and other financing uses were \$428.0 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *District-wide financial* statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds* statements.
  - The *fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others to whom the resources belong.

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



# ORANGE UNIFIED SCHOOL DISTRICT

## *Management's Discussion and Analysis (Unaudited) For the Fiscal Year Ended June 30, 2025*

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### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

#### **District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

#### **Fund Financial Statements**

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

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

The District has three kinds of funds:

- 1) **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- 2) **Proprietary funds** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the District-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured programs for workers' compensation claims.

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

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**OVERVIEW OF THE FINANCIAL STATEMENTS (continued)**

**Fund Financial Statements (continued)**

- 3) **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds include CFD custodial funds and an OPEB Trust Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the District's fiduciary funds are provided in the form of combining statements elsewhere in this report.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District's combined net position was higher on June 30, 2025, than it was the year before – increasing 20.5% to \$354.0 million (See Table A-1).

**Table A-1: Statement of Net Position**

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2025</b>	<b>2024*</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current assets	\$ 408,702,484	\$ 439,554,338	\$ (30,851,854)
Net OPEB asset	51,023,360	44,073,857	6,949,503
Capital assets	539,754,946	496,558,754	43,196,192
<b>Total Assets</b>	<u>999,480,790</u>	<u>980,186,949</u>	<u>19,293,841</u>
<b>Total Deferred Outflows of Resources</b>	<u>116,423,620</u>	<u>126,955,678</u>	<u>(10,532,058)</u>
<b>Liabilities</b>			
Current liabilities	40,193,452	56,462,345	(16,268,893)
Long-term liabilities	630,529,260	682,828,195	(52,298,935)
<b>Total Liabilities</b>	<u>670,722,712</u>	<u>739,290,540</u>	<u>(68,567,828)</u>
<b>Total Deferred Inflows of Resources</b>	<u>91,151,218</u>	<u>73,952,617</u>	<u>17,198,601</u>
<b>Net Position</b>			
Net investment in capital assets	281,996,676	258,086,279	23,910,397
Restricted	149,367,384	116,282,163	33,085,221
Unrestricted	(77,333,580)	(80,468,972)	3,135,392
<b>Total Net Position</b>	<u>\$ 354,030,480</u>	<u>\$ 293,899,470</u>	<u>\$ 60,131,010</u>

\*As restated

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

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**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)**

**Changes in net position, governmental activities.** The District's total revenues decreased 2.5% to \$479.4 million (See Table A-2). The decrease is due primarily to one-time state grants received in the prior year.

The total cost of all programs and services increased 4.7% to \$419.2 million. The District's expenses are predominantly related to educating and caring for students, 80.6%. The purely administrative activities of the District accounted for just 4.5% of total costs. A significant contributor to the increase in costs was expenses related to instruction and pupil services.

**Table A-2: Statement of Activities**

	<b>Governmental Activities</b>		<b>Variance</b>
	<b>2025</b>	<b>2024</b>	<b>Increase (Decrease)</b>
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 9,078,416	\$ 7,262,416	\$ 1,816,000
Operating grants and contributions	112,300,954	122,317,377	(10,016,423)
Capital grants and contributions	1,631,878	14,222,847	(12,590,969)
General Revenues:			
Property taxes	240,428,001	231,495,807	8,932,194
Federal and state aid not restricted	92,060,622	97,661,119	(5,600,497)
Other general revenues	23,878,324	18,542,101	5,336,223
<b>Total Revenues</b>	<b>479,378,195</b>	<b>491,501,667</b>	<b>(12,123,472)</b>
<b>Expenses</b>			
Instruction-related	281,350,645	268,628,409	12,722,236
Pupil services	56,667,965	49,550,682	7,117,283
Administration	18,812,769	19,501,115	(688,346)
Plant services	40,288,711	38,960,686	1,328,025
All other activities	22,127,095	23,862,038	(1,734,943)
<b>Total Expenses</b>	<b>419,247,185</b>	<b>400,502,930</b>	<b>18,744,255</b>
Increase (decrease) in net position	<b>\$ 60,131,010</b>	<b>\$ 90,998,737</b>	<b>\$ (30,867,727)</b>
<b>Total Net Position</b>	<b>\$ 354,030,480</b>	<b>\$ 293,899,470</b>	<b>\$ 60,131,010</b>

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

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$356.5 million, which is below last year's ending fund balance of \$371.4 million. The primary cause of the decreased fund balance is spending down the Building Fund on capital projects.

**Table A-3: The District's Fund Balances**

Fund	Fund Balances				
	July 1, 2024	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2025
General Fund	\$ 216,660,043	\$ 423,392,643	\$ 418,316,734	\$ (5,915,838)	\$ 215,820,114
Student Activity Fund	2,438,540	4,313,159	4,190,789	-	2,560,910
Charter School Fund	8,750,052	15,154,054	14,841,773	-	9,062,333
Adult Education Fund	8,030	10,776	9,866	(7,023)	1,917
Child Development Fund	5,975,735	11,995,467	9,801,980	-	8,169,222
Cafeteria Fund	12,441,803	16,268,331	14,314,809	-	14,395,325
Deferred Maintenance Fund	1,691,356	313,172	1,501,313	6,000,000	6,503,215
Special Reserve Fund (Other Than Capital Outlay)	1,190,458	64,707	-	(77,139)	1,178,026
Building Fund	56,767,726	2,682,734	24,009,036	(120,413)	35,321,011
Capital Facilities Fund	5,288,489	914,050	64,021	-	6,138,518
County School Facilities Fund	35,348,590	2,024,726	453,604	-	36,919,712
Special Reserve Fund (Capital Outlay)	7,889,325	1,169,470	15,069,572	18,955,549	12,944,772
Capital Projects Fund for Blended Component Units	577,369	29,329	98,689	-	508,009
Bond Interest and Redemption Fund	6,816,713	12,041,827	11,868,550	-	6,989,990
Debt Service Fund	9,542,431	9,292,827	-	(18,835,136)	122
	<u>\$ 371,386,660</u>	<u>\$ 499,667,272</u>	<u>\$ 514,540,736</u>	<u>\$ -</u>	<u>\$ 356,513,196</u>

**General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$8.7 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$7.9 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$12.1 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would fall short of expenditures by about \$1.1 million, the actual results for the year show that revenues exceeded expenditures by roughly \$5.1 million, prior to interfund transfers made primarily to the Deferred Maintenance Fund. Actual revenues were \$11.9 million more than anticipated, and expenditures were \$5.7 million more than budgeted.

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

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2024-25 the District had acquired \$54.9 million in new capital assets, related to land, construction in progress, site improvements, subscription assets, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$10.7 million, and amortization was \$1.0 million.

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2025</b>	<b>2024</b>	
Land	\$ 19,082,424	\$ 19,082,424	\$ -
Improvement of sites	19,653,051	17,941,900	1,711,151
Buildings	308,720,856	310,098,665	(1,377,809)
Equipment	9,223,271	9,228,226	(4,955)
Construction in progress	181,291,777	139,533,194	41,758,583
Subscription assets	1,783,567	674,345	1,109,222
<b>Total</b>	<b>\$ 539,754,946</b>	<b>\$ 496,558,754</b>	<b>\$ 43,196,192</b>

**Long-Term Debt**

At year-end the District had \$630.5 million in long-term liabilities – a decrease of 7.7% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

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

	<b>Governmental Activities</b>		<b>Variance Increase (Decrease)</b>
	<b>2025</b>	<b>2024*</b>	
General obligation bonds	\$ 283,175,007	\$ 284,215,309	\$ (1,040,302)
Certificates of participation	8,510,698	8,793,366	(282,668)
Retirement health benefits funding bonds	53,905,000	56,260,000	(2,355,000)
Capital leases	1,901,585	2,808,895	(907,310)
Supplementary retirement plan	-	1,964,330	(1,964,330)
Subscription-based IT agreements	118,904	235,022	(116,118)
Compensated absences	16,138,809	15,108,967	1,029,842
Claims liability	10,483,000	9,901,000	582,000
Net pension liability	256,296,257	303,541,306	(47,245,049)
<b>Total</b>	<b>\$ 630,529,260</b>	<b>\$ 682,828,195</b>	<b>\$ (52,298,935)</b>

*\*As restated*

# ORANGE UNIFIED SCHOOL DISTRICT

## *Management's Discussion and Analysis (Unaudited)*

*For the Fiscal Year Ended June 30, 2025*

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### FACTORS BEARING ON THE DISTRICT'S FUTURE

#### ***California State Budget***

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

#### ***TK-12 Education***

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

#### ***Proposition 98***

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

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

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

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

#### ***Funding Results for Education Programs***

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

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

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

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

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**FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)**

***Federal Implications***

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

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

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact: Sulema Holguin, Assistant Superintendent, Business Services/CBO at (714) 628-4479 or [sholguin@orangeusd.org](mailto:sholguin@orangeusd.org). Additional information about the District's operations can be found on the District's Business Services Division webpage at the following link: <https://www.orangeusd.org/departments/business-services>.

# ORANGE UNIFIED SCHOOL DISTRICT

## Statement of Net Position

June 30, 2025

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	Total Governmental Activities
<b>ASSETS</b>	
Deposits and investments	\$ 361,193,023
Accounts receivable	46,422,516
Inventories	519,048
Other current assets	567,897
Net OPEB asset	51,023,360
Capital assets:	
Non-depreciable assets	200,374,201
Depreciable assets	480,714,391
Less accumulated depreciation	(143,117,213)
Subscription assets	3,295,506
Less accumulated amortization	(1,511,939)
Total Assets	<u>999,480,790</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows from OPEB	12,604,747
Deferred outflows from pensions	<u>103,818,873</u>
Total Deferred Outflows of Resources	<u>116,423,620</u>
<b>LIABILITIES</b>	
Accounts payable	32,856,311
Accrued interest payable	4,978,790
Unearned revenue	2,358,351
Noncurrent liabilities:	
Due or payable within one year	5,181,665
Due in more than one year:	
Other than pensions	369,051,338
Net pension liability	<u>256,296,257</u>
Total Liabilities	<u>670,722,712</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows from OPEB	20,887,056
Deferred inflows from pensions	<u>70,264,162</u>
Total Deferred Inflows of Resources	<u>91,151,218</u>
<b>NET POSITION</b>	
Net investment in capital assets	281,996,676
Restricted for:	
Capital projects	54,106,948
Debt service	6,990,112
Educational and categorical programs	79,217,788
Student activity	2,560,910
Self-Insurance	6,491,626
Unrestricted	<u>(77,333,580)</u>
Total Net Position	<u>\$ 354,030,480</u>

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2025*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instructional Services:					
Instruction	\$ 224,011,293	\$ 832,542	\$ 51,405,825	\$ 1,631,878	\$ (170,141,048)
Instruction-Related Services:					
Supervision of instruction	17,528,628	41,808	7,994,650	-	(9,492,170)
Instructional library, media and technology	13,345,167	37,189	162,206	-	(13,145,772)
School site administration	26,465,557	89,409	177,444	-	(26,198,704)
Pupil Support Services:					
Home-to-school transportation	10,448,607	-	-	-	(10,448,607)
Food services	14,085,748	35,044	14,937,146	-	886,442
All other pupil services	32,133,610	136,697	7,120,876	-	(24,876,037)
General Administration Services:					
Data processing services	1,118,841	47,680	94,706	-	(976,455)
Other general administration	17,693,928	44,544	1,779,583	-	(15,869,801)
Plant services	40,288,711	33,811	287,830	-	(39,967,070)
Ancillary services	5,437,715	-	4,285,387	-	(1,152,328)
Community services	420,810	-	(70)	-	(420,880)
Enterprise activities	68,557	-	-	-	(68,557)
Interest on long-term debt	12,621,468	-	-	-	(12,621,468)
Other outgo	2,531,236	7,779,692	24,055,371	-	29,303,827
Amortization (unallocated)	1,047,309	-	-	-	(1,047,309)
Total Governmental Activities	\$ 419,247,185	\$ 9,078,416	\$ 112,300,954	\$ 1,631,878	(296,235,937)

**General Revenues:**

Property taxes	240,428,001
Federal and state aid not restricted to specific purpose	92,060,622
Interest and investment earnings	12,724,753
Interagency revenues	1,331,257
Miscellaneous	9,822,314
Total general revenues	356,366,947
Change in net position	60,131,010
Net position - July 1, 2024, as originally stated	303,255,534
Adjustments for restatements (Note 12)	(9,356,064)
Net position - July 1, 2024, as restated	293,899,470
Net position - June 30, 2025	\$ 354,030,480

**ORANGE UNIFIED SCHOOL DISTRICT***Balance Sheet – Governmental Funds**June 30, 2025*

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	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Deposits and investments	\$ 200,795,400	\$ 39,351,154	\$ 104,062,264	\$ 344,208,818
Accounts receivable	40,885,418	131,176	5,246,121	46,262,715
Due from other funds	1,055,615	-	1,739,009	2,794,624
Inventories	150,660	-	368,388	519,048
Other current assets	567,897	-	-	567,897
Total Assets	<u>\$ 243,454,990</u>	<u>\$ 39,482,330</u>	<u>\$ 111,415,782</u>	<u>\$ 394,353,102</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 24,728,037	\$ 4,161,319	\$ 3,797,888	\$ 32,687,244
Due to other funds	1,174,888	-	1,619,423	2,794,311
Unearned revenue	553,925	-	1,804,426	2,358,351
Total Liabilities	<u>26,456,850</u>	<u>4,161,319</u>	<u>7,221,737</u>	<u>37,839,906</u>
<b>Fund Balances</b>				
Nonspendable	385,660	-	403,388	789,048
Restricted	56,722,602	35,321,011	92,610,613	184,654,226
Committed	117,478,257	-	2,449,821	119,928,078
Assigned	26,178,288	-	8,730,223	34,908,511
Unassigned	16,233,333	-	-	16,233,333
Total Fund Balances	<u>216,998,140</u>	<u>35,321,011</u>	<u>104,194,045</u>	<u>356,513,196</u>
Total Liabilities and Fund Balances	<u>\$ 243,454,990</u>	<u>\$ 39,482,330</u>	<u>\$ 111,415,782</u>	<u>\$ 394,353,102</u>

**ORANGE UNIFIED SCHOOL DISTRICT**

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

---

**Total Fund Balances - Governmental Funds** \$ 356,513,196

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

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

Capital assets at historical cost	681,088,592	
Accumulated depreciation	(143,117,213)	
Subscription assets	3,295,506	
Accumulated amortization	<u>(1,511,939)</u>	
Net:		539,754,946

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (4,978,790)

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

General obligation bonds payable	283,175,007	
Certificates of participation payable	8,510,698	
Retirement health benefits funding bonds	53,905,000	
Capital lease payable	1,901,585	
Subscription-based IT agreements	118,904	
Compensated absences	16,138,809	
Net pension liability	<u>256,296,257</u>	
Total		(620,046,260)

In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government wide statements, postemployment benefits costs are recognized in the period they are incurred. The other postemployment benefit net asset is a result of accumulated plan assets that are an irrevocable contribution and dedicated to providing benefits to retirees, in excess of the total OBEB liability. 51,023,360

In governmental funds, deferred outflows and inflows of resources relating to pensions and other post employment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Deferred outflows of resources	116,423,620	
Deferred inflows of resources	<u>(91,151,218)</u>	
Net:		25,272,402

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for the internal service fund is: 6,491,626

**Total Net Position - Governmental Activities** \$ 354,030,480

## ORANGE UNIFIED SCHOOL DISTRICT

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
LCFF sources	\$ 299,102,930	\$ -	\$ 12,198,893	\$ 311,301,823
Federal sources	21,790,477	-	8,483,018	30,273,495
Other state sources	75,977,824	-	12,050,500	88,028,324
Other local sources	26,586,119	2,682,734	40,794,777	70,063,630
Total Revenues	423,457,350	2,682,734	73,527,188	499,667,272
<b>EXPENDITURES</b>				
Current:				
Instruction	237,237,419	-	15,575,207	252,812,626
Instruction-related services:				
Supervision of instruction	19,274,777	-	967,597	20,242,374
Instructional library, media and technology	12,811,324	-	491,368	13,302,692
School site administration	25,214,780	-	3,731,052	28,945,832
Pupil support services:				
Home-to-school transportation	12,465,013	-	187,700	12,652,713
Food services	281,772	-	14,003,263	14,285,035
All other pupil services	36,089,385	-	507,665	36,597,050
Ancillary services	1,412,654	-	4,217,025	5,629,679
Community services	447,150	-	-	447,150
General administration services:				
Data processing services	3,647,286	-	10,705	3,657,991
Other general administration	16,679,559	-	256,798	16,936,357
Plant services	37,100,209	-	1,568,662	38,668,871
Transfers of indirect costs	(709,162)	-	709,162	-
Intergovernmental	1,896,096	-	135,141	2,031,237
Capital outlay	9,593,701	24,009,036	17,377,591	50,980,328
Debt service:				
Principal	3,378,428	-	970,000	4,348,428
Interest	1,496,343	-	11,506,030	13,002,373
Total Expenditures	418,316,734	24,009,036	72,214,966	514,540,736
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,140,616	(21,326,302)	1,312,222	(14,873,464)
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	7,023	-	24,955,549	24,962,572
Interfund transfers out	(6,000,000)	(120,413)	(18,842,159)	(24,962,572)
Total Other Financing Sources and Uses	(5,992,977)	(120,413)	6,113,390	-
Net Change in Fund Balances	(852,361)	(21,446,715)	7,425,612	(14,873,464)
Fund Balances, July 1, 2024	217,850,501	56,767,726	96,768,433	371,386,660
Fund Balances, June 30, 2025	\$ 216,998,140	\$ 35,321,011	\$ 104,194,045	\$ 356,513,196

# ORANGE UNIFIED SCHOOL DISTRICT

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

**Total Net Change in Fund Balances - Governmental Funds** \$ (14,873,464)

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

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

Expenditures for capital outlay	52,782,232	
Depreciation expense	(10,695,262)	
Expenditures for subscriptions	2,156,531	
Amortization expense	<u>(1,047,309)</u>	
Net:		43,196,192

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

4,348,428

In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period was:

352,970

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

27,935

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:

(1,029,842)

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

1,964,330

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

19,560,661

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

6,903,232

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:

(319,432)

**Change in Net Position of Governmental Activities** \$ 60,131,010

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Statement of Net Position – Proprietary Fund*  
*June 30, 2025*

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Deposits and investments	\$ 16,984,205
Accounts receivable	159,801
Due from other funds	<u>103,980</u>
Total Assets	<u>17,247,986</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	169,067
Due to other funds	<u>104,293</u>
Total current liabilities	273,360
Non-current liabilities:	
Estimated liability for open claims and IBNRs	<u>10,483,000</u>
Total Liabilities	<u>10,756,360</u>
<b>NET POSITION</b>	
Restricted	<u><u>\$ 6,491,626</u></u>

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

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	<b>Governmental Activities Internal Service Fund</b>
<b>OPERATING REVENUES</b>	
Self-insurance premiums	\$ 4,072,336
<b>OPERATING EXPENSES</b>	
Payments for personnel costs	418,536
Payments for materials and supplies	245
Payments for claims and other operating expenses	4,859,173
Total operating expenses	5,277,954
<b>OPERATING INCOME (LOSS)</b>	<b>(1,205,618)</b>
<b>NON-OPERATING REVENUES</b>	
Interest income	661,123
Fair market value adjustment	225,063
Total non-operating expenses	886,186
Change in net position	(319,432)
Net position, July 1, 2024	6,811,058
Net position, June 30, 2025	\$ 6,491,626

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Statement of Cash Flows – Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2025*

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	<b>Governmental Activities Internal Service Fund</b>
<b><i>CASH FLOWS FROM OPERATING ACTIVITIES</i></b>	
Received from in-district premiums	\$ 3,969,176
Payments to employees and fringe benefits	(741,611)
Payments to vendors and suppliers	(52,367)
Payments on insurance claims	(4,277,173)
Other receipts (payments)	(105,318)
Net cash provided (used) by operating activities	(1,207,293)
<b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	
Investment income	1,469,285
Net increase (decrease) in cash and cash equivalents	261,992
Cash and cash equivalents, July 1, 2024	16,722,213
Cash and cash equivalents, June 30, 2025	\$ 16,984,205
<b><i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i></b>	
Operating income (loss)	\$ (1,205,618)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets, liabilities, and deferred outflows of resources:	
Receivables, net	(105,318)
Due from other funds	(103,160)
Estimated liability for open claims and IBNRs	582,000
Accounts payable and accrued liabilities	(52,122)
Due to other funds	(323,075)
Net cash provided (used) by operating activities	\$ (1,207,293)

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Statement of Fiduciary Net Position*  
*June 30, 2025*

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<b>ASSETS</b>	Debt Service Fund for Special Tax Bonds	Retiree Benefits Fund
Deposits and investments	\$ 828,906	\$ 130,139,879
Accounts receivable	-	752,584
Total Assets	<u>828,906</u>	<u>130,892,463</u>
 <b>LIABILITIES</b>		
Accounts payable	-	9,555,471
Total Liabilities	<u>-</u>	<u>9,555,471</u>
 <b>NET POSITION</b>		
Restricted for debt service	828,906	-
Restricted for postemployment benefits	<u>-</u>	<u>121,336,992</u>
Total Net Position	<u>\$ 828,906</u>	<u>\$ 121,336,992</u>

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Statement of Changes in Fiduciary Net Position*  
*June 30, 2025*

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	Debt Service Fund for <u>Special Tax Bonds</u>	Retiree Benefits <u>Fund</u>
<b>ADDITIONS</b>		
Investment income	\$ 27	\$ 7,014,722
Increase (decrease) in fair value of investments	-	5,034,354
Other income	<u>891,042</u>	<u>-</u>
Total Additions	<u>891,069</u>	<u>12,049,076</u>
<b>DEDUCTIONS</b>		
Administrative expenses	14,289	-
Benefit payments	-	4,694,645
Debt service	<u>842,900</u>	<u>-</u>
Total Deductions	<u>857,189</u>	<u>4,694,645</u>
Change in net position	33,880	7,354,431
Net position - July 1, 2024	<u>795,026</u>	<u>113,982,561</u>
Net position - June 30, 2025	<u>\$ 828,906</u>	<u>\$ 121,336,992</u>

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

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

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

#### B. Basis of Presentation, Basis of Accounting

##### 1. Basis of Presentation

###### District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

# ORANGE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### 1. Basis of Presentation (continued)

##### **District-Wide Financial Statements (continued)**

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

##### **Fund Financial Statements**

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

##### **Major Governmental Funds**

The District maintains the following major governmental funds:

**General Fund:** This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Special Reserve Fund for Other Than Capital Outlay which does not currently meet the definition of a special revenue fund as it is not composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the Fund is being reported within the General Fund.

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

##### **Non-Major Governmental Funds**

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

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

**Charter Schools Special Revenue Fund:** This fund may be used by authorizing the District to account separately for the operating activities of District-operated charter schools that would otherwise be reported in the authorizing District's general fund.

# ORANGE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### 1. Basis of Presentation (continued)

##### Non-Major Governmental Funds (continued)

###### Special Revenue Funds (continued):

**Adult Education Fund:** This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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

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

**Deferred Maintenance Fund:** This fund is used to account for separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

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

**County School Facilities Fund:** This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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

**Capital Projects Fund for Blended Component Units:** This fund is 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 generally accepted accounting principles (GAAP).

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

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

# ORANGE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### 1. Basis of Presentation (continued)

##### Non-Major Governmental Funds (continued)

##### Debt Service Funds: (continued)

**Debt Service Fund:** This fund is used for the accumulation of resources for and the retirement of principal and interest on certificates of participation.

**Proprietary Funds:** These funds are used to account for activities that are more business-like than government-like in nature. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

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

##### Fiduciary Funds

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

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

**Retiree Benefit Fund:** This fund exists to account separately for amounts held in trust from salary reduction agreements, other irrevocable contributions for employees' retirement benefit payments, or both.

#### 2. Measurement Focus, Basis of Accounting

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

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

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 2. Measurement Focus, Basis of Accounting (continued)

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

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### 3. Revenues - Exchange and Non-Exchange Transactions

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

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

#### C. Encumbrances

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

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

##### 1. Cash and Cash Equivalents

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

# ORANGE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### 2. Inventories and Prepaid Items

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

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

#### 3. Capital Assets

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

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

Description	Estimated Lives
Buildings and improvements	20-50 years
Improvements/infrastructure	5-50 years
Equipment	5-20 years

#### 4. Unearned Revenue

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

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

#### 5. Compensated Absences

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

#### 6. Subscription-Based Information Technology Arrangements

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

# ORANGE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### 7. Postemployment Benefits Other Than Pensions (OPEB)

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

#### 8. Leases

##### Lessee:

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

##### Lessor:

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

#### 9. Pensions

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

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 10. Fund Balances

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

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

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

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

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

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

##### 11. Net Position

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

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 11. Net Position (continued)

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

#### E. Minimum Fund Balance Policy

The District has not adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54; however, the District follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

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

#### F. Property Tax Calendar

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

#### G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

#### H. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires the recognition of accrued compensated absences as a liability in the financial statements. The implementation resulted in a cumulative effect adjustment to beginning net position to reflect the recognition of accumulated leave liabilities previously unrecorded. The impact on the District's beginning net position was a decrease of \$9,356,064.

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds	\$ 344,208,818
Proprietary funds	16,984,205
Governmental activities	<u>361,193,023</u>
Fiduciary funds	130,968,785
Total Deposits and Investments	<u>\$ 492,161,808</u>

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

Cash on hand and in banks	\$ 2,836,867
Cash in revolving fund	270,000
Investments	<u>489,054,941</u>
Total Deposits and Investments	<u>\$ 492,161,808</u>

#### Pooled Funds

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

#### Custodial Credit Risk – Deposits

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

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

As of June 30, 2025, \$2.3 million of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

#### Investments - Interest Rate Risk

The District’s investment does not limit investment maturities. The Superintendent or his/her designee shall have the responsibility for all decisions and activities performed under the District’s investment policy, under the discretion of the Board. Maturities of investments held at June 30, 2025, consist of the following:

	Reported Amount	Maturity		Fair Value Measurement	Rating
		Less Than One Year	One Year Through Five Years		
Investments:					
County Pool	\$ 358,510,832	\$ 358,510,832	\$ -	Uncategorized	N/A
US Bank Money Market	828,906	828,906	-	Level 2	N/A
Benefit Trust Company:					
Mutual Fund - Fixed Income	86,724,508	86,724,508	-	Level 2	N/A
Mutual Fund - Domestic Equity	31,895,866	31,895,866	-	Level 2	N/A
Mutual Fund - International Equity	6,890,585	6,890,585	-	Level 2	N/A
Mutual Fund - Real Estate	4,204,244	4,204,244	-	Level 2	N/A
Total Investments	<u>\$ 489,054,941</u>	<u>\$ 489,054,941</u>	<u>\$ -</u>		

#### Investments - Credit Risk

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

#### Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2025, the District had the following investments that represent more than five percent of the District’s net investments, excluding cash in the county treasury.

Mutual Fund - Fixed Income	79%
Mutual Fund - Domestic Equity	29%
Mutual Fund - International Equity	6%

#### Fair Value Measurements

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

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

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

**ORANGE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

**Fair Value Measurements (continued)**

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

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

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

**NOTE 3 – ACCOUNTS RECEIVABLE**

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

	Governmental Funds				Proprietary Fund	Fiduciary Funds
	General Fund	Building Fund	Non-Major Governmental Funds	Totals	Self-Insurance Fund	Retiree Benefit Fund
Federal Government:						
Categorical aid programs	\$ 7,904,553	\$ -	\$ 2,082,866	\$ 9,987,419	\$ -	\$ -
State Government:						
LCFF	10,659,907	-	265,315	10,925,222	-	-
Lottery	1,265,318	-	83,233	1,348,551	-	-
Other state resources	8,539,499	-	2,351,416	10,890,915	-	-
Local:						
Interest	726,446	131,176	316,011	1,173,633	54,483	1,401
Other local resources	11,789,695	-	147,280	11,936,975	105,318	751,183
Total	<u>\$ 40,885,418</u>	<u>\$ 131,176</u>	<u>\$ 5,246,121</u>	<u>\$ 46,262,715</u>	<u>\$ 159,801</u>	<u>\$ 752,584</u>

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 4 – INTERFUND TRANSACTIONS

#### Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2025, consisted of the following:

	Due From Other Funds				Total
	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Self-Insurance Fund	
General Fund	\$ -	\$ 1,084,792	\$ 1,084,792	\$ 90,096	\$ 1,174,888
Non-Major Governmental Funds	1,047,453	558,086	1,605,539	13,884	1,619,423
Self-Insurance Fund	8,162	96,131	104,293	-	104,293
Total	\$ 1,055,615	\$ 1,739,009	\$ 2,794,624	\$ 103,980	\$ 2,898,604

General Fund due to Charter Schools Special Revenue Fund for LCFF payment and payroll costs	\$	804,394
General Fund due to Adult Education Fund for payroll costs		23
General Fund due to Child Development Fund for payroll costs and registration fees		107,191
General Fund due to Cafeteria Special Revenue Fund for payroll costs		80,146
General Fund due to Special Reserve Fund for Capital Outlay Projects for construction cost reimbursements		93,038
General Fund due to Self-Insurance Fund for employee benefits		90,096
Charter Schools Fund due to General Fund for LCFF, software costs, administration, special education and insurance fees		98,793
Adult Education Fund due to General Fund for indirect costs		7,437
Child Development Fund due to General Fund for indirect costs, postage, and printing fees		509,165
Cafeteria Fund due to General Fund for indirect costs, vehicle and maintenance expense, bank fees, and postage		414,020
Deferred Maintenance Fund due to Special Reserve Fund for Capital Outlay Projects for goal transfer		542,905
Capital Facilities Fund due to General Fund for 3% of developer fees		17,674
Non-Major funds due to General Fund for miscellaneous items		364
Debt Service Fund due to Special Reserve Fund for Capital Outlay Projects for roof replacement and RDA transfer		15,181
Self-Insurance Fund due to General Fund for payroll and benefits		8,162
Self-Insurance Fund due to non-major funds for benefits		96,131
Non-Major funds due to Self-Insurance Fund for miscellaneous items		13,884
Total	\$	2,898,604

#### Transfers To/From Other Funds

Transfers to/from other funds during the year ended June 30, 2025, consisted of the following:

General Fund transfer to Deferred Maintenance Fund for maintenance contribution	\$	6,000,000
Adult Education Fund transfer to General Fund for adult school cost agreement		7,023
Building Fund transfer to Special Reserve Fund for Capital Outlay Projects for cost reimbursement		120,413
Debt Service Fund transfer to Special Reserve Fund for Capital Outlay Projects for approved projects		18,835,136
Total	\$	24,962,572

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 5 – FUND BALANCES

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>				
Revolving cash	\$ 235,000	\$ -	\$ 35,000	\$ 270,000
Inventories	150,660	-	368,388	519,048
Total Nonspendable	385,660	-	403,388	789,048
<b>Restricted:</b>				
Categorical programs	56,722,602	-	307,110	57,029,712
Student activity	-	-	2,560,910	2,560,910
Adult education program	-	-	1,917	1,917
Child development program	-	-	8,169,222	8,169,222
Food service program	-	-	14,016,937	14,016,937
Capital projects	-	35,321,011	60,564,405	95,885,416
Debt service	-	-	6,990,112	6,990,112
Total Restricted	56,722,602	35,321,011	92,610,613	184,654,226
<b>Committed:</b>				
Fiscal emergencies	27,744,154	-	-	27,744,154
Negotiations commitment	13,432,065	-	-	13,432,065
Textbook adoption	21,643,760	-	-	21,643,760
Pension obligation	14,780,000	-	-	14,780,000
Replacement and updating technology	12,179,893	-	-	12,179,893
Enrollment decline reserve	13,038,222	-	-	13,038,222
Vacation liability	5,050,033	-	-	5,050,033
Loss of attendance	4,157,546	-	-	4,157,546
Vehicle replacements	1,772,322	-	-	1,772,322
Other commitments	1,178,026	-	1,896,054	3,074,080
Deferred maintenance program	2,502,236	-	553,767	3,056,003
Total Committed	117,478,257	-	2,449,821	119,928,078
<b>Assigned:</b>				
Attract and retain	2,629,084	-	-	2,629,084
Site carryover-donations	889,998	-	-	889,998
LCFF carryover	4,142,006	-	-	4,142,006
Personnel vacancies	18,517,200	-	-	18,517,200
Reserve for economic uncertainties	-	-	1,038,924	1,038,924
Building fund debt service	-	-	1,064,784	1,064,784
Textbooks	-	-	300,000	300,000
Multi-year stabilization fund	-	-	6,326,515	6,326,515
Total Assigned	26,178,288	-	8,730,223	34,908,511
<b>Unassigned:</b>				
Reserve for economic uncertainties	12,839,185	-	-	12,839,185
Remaining unassigned balances	3,394,148	-	-	3,394,148
Total Unassigned	16,233,333	-	-	16,233,333
<b>Total</b>	<b>\$ 216,998,140</b>	<b>\$ 35,321,011</b>	<b>\$ 104,194,045</b>	<b>\$ 356,513,196</b>

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2025*

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**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

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

	Balance, July 1, 2024	Additions	Retirements	Balance, June 30, 2025
Capital assets not being depreciated:				
Land	\$ 19,082,424	\$ -	\$ -	\$ 19,082,424
Construction in progress	139,533,194	50,620,744	8,862,161	181,291,777
Total capital assets not being depreciated	<u>158,615,618</u>	<u>50,620,744</u>	<u>8,862,161</u>	<u>200,374,201</u>
Capital assets being depreciated:				
Improvement of sites	30,941,465	2,844,314	-	33,785,779
Buildings	412,498,401	6,156,406	-	418,654,807
Equipment	26,385,428	2,022,929	134,552	28,273,805
Total capital assets being depreciated	<u>469,825,294</u>	<u>11,023,649</u>	<u>134,552</u>	<u>480,714,391</u>
Accumulated depreciation for:				
Improvement of sites	(12,999,565)	(1,133,163)	-	(14,132,728)
Buildings	(102,399,736)	(7,534,215)	-	(109,933,951)
Equipment	(17,157,202)	(2,027,884)	(134,552)	(19,050,534)
Total accumulated depreciation	<u>(132,556,503)</u>	<u>(10,695,262)</u>	<u>(134,552)</u>	<u>(143,117,213)</u>
Total capital assets being depreciated, net	<u>337,268,791</u>	<u>328,387</u>	<u>-</u>	<u>337,597,178</u>
Subscription assets:				
IT Subscriptions	1,254,953	2,156,531	115,978	3,295,506
Accumulated amortization for:				
IT Subscriptions	(580,608)	(1,047,309)	(115,978)	(1,511,939)
Total leased assets, net	<u>674,345</u>	<u>1,109,222</u>	<u>-</u>	<u>1,783,567</u>
Governmental Activity Capital Assets, Net	<u>\$ 496,558,754</u>	<u>\$ 52,058,353</u>	<u>\$ 8,862,161</u>	<u>\$ 539,754,946</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities	
Instruction	\$ 6,537,515
Supervision of instruction	354,066
Instructional library, media and technology	192,555
School site administration	762,064
Home-to-school transportation	318,425
Food services	334,737
All other pupil services	438,285
Ancillary services	65,871
Community services	11,933
Centralized data processing	59,300
All other general administration	280,971
Plant services	1,339,540
Total Depreciation Expense	<u>\$ 10,695,262</u>

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2025*

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

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

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025	Amount Due Within One Year
General Obligation Bonds:					
Principal repayments	\$ 276,295,000	\$ -	\$ 705,000	\$ 275,590,000	\$ 1,040,000
Unamortized issuance premium	7,920,309	-	335,302	7,585,007	335,302
Total - Bonds	284,215,309	-	1,040,302	283,175,007	1,375,302
Certificates of Participation:					
Principal repayments	8,440,000	-	265,000	8,175,000	280,000
Unamortized issuance premium	353,366	-	17,668	335,698	17,668
Total - Certificates of Participation	8,793,366	-	282,668	8,510,698	297,668
Retirement Health Benefits Funding Bonds	56,260,000	-	2,355,000	53,905,000	2,410,000
Energy Financing Agreements	2,808,895	-	907,310	1,901,585	979,791
Supplementary Retirement Plan	1,964,330	-	1,964,330	-	-
Subscription-Based IT Agreements	235,022	-	116,118	118,904	118,904
Compensated Absences					
Vacation Liability	5,752,903	501,362	-	6,254,265	-
Sick Time*	9,356,064	528,480	-	9,884,544	-
Claims Liability	9,901,000	582,000	-	10,483,000	-
Totals	\$ 379,286,889	\$ 1,611,842	\$ 6,665,728	\$ 374,233,003	\$ 5,181,665

\*As restated for implementation of GASB 101

Payments for general obligation bonds are made in the Bond Interest and Redemption Fund. Payments for the certificates of participation are made in the Charter School Fund. Payments for the retirement health benefits funding bonds are made in the General Fund. Payments for Energy Financing Agreements and supplementary retirement plan are made in the General Fund. Additions and deductions for compensated absences are reported net of their cumulative change in the current year. Payments for claims liability are made by the Internal Service Fund. Payments for subscriptions are made by the General Fund.

**A. General Obligation Bonds**

On November 8, 2016, the voters of the District authorized the issuance and sale of \$288,000,000 principal amount of bonds to finance specific acquisition and construction costs and pay the costs of issuance associated with the bonds. The bonds are general obligations of the District, and the County is empowered and obligated to levy ad valorem taxes upon all property within the District subject to taxation for the payment of interest on and principal of the Bonds when due.

Below is a schedule of bonds issued and outstanding as of June 30, 2025.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
2018	6/7/2018	8/1/2047	3.00-5.00%	\$ 188,000,000	\$ 177,495,000	\$ -	\$ 680,000	\$ 176,815,000
2022	6/2/2022	8/1/2049	4.125%-5.00%	100,000,000	98,800,000	-	25,000	98,775,000
Totals					\$ 276,295,000	\$ -	\$ 705,000	\$ 275,590,000

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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

#### A. General Obligation Bonds (continued)

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 1,040,000	\$ 11,119,925	\$ 12,159,925
2026-2027	1,450,000	11,057,675	12,507,675
2027-2028	1,870,000	10,974,675	12,844,675
2028-2029	2,350,000	10,869,175	13,219,175
2029-2030	2,835,000	10,739,550	13,574,550
2030-2035	24,785,000	50,845,900	75,630,900
2035-2040	47,185,000	44,402,638	91,587,638
2040-2045	78,380,000	32,194,209	110,574,209
2045-2050	115,695,000	12,283,228	127,978,228
Totals	<u>\$ 275,590,000</u>	<u>\$ 194,486,975</u>	<u>\$ 470,076,975</u>

#### B. Certificates of Participation

##### 2018 Certificates of Participation

On June 14, 2018, the Orange Schools Financing Corporation issued 2018 Financing Certificates of Participation in the amount of \$9,620,000. The certificates have a final maturity to occur on September 1, 2043, with interest rates ranging from 3.00% to 5.00%. Proceeds from the sale of the certificates were used to finance the construction and installation of the Fred Kelly Stadium at El Modena High School. At June 30, 2025, the principal balance outstanding was \$8,175,000.

The annual requirements to amortize all certificates are as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 280,000	\$ 328,856	\$ 608,856
2026-2027	295,000	314,481	609,481
2027-2028	310,000	299,356	609,356
2028-2029	325,000	283,481	608,481
2029-2030	340,000	266,856	606,856
2030-2035	1,970,000	1,058,544	3,028,544
2035-2040	2,405,000	626,747	3,031,747
2040-2044	2,250,000	166,750	2,416,750
Totals	<u>\$ 8,175,000</u>	<u>\$ 3,345,071</u>	<u>\$ 11,520,072</u>

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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

#### C. Retirement Health Benefits Funding Bonds

In May 2008, the District issued \$94,765,000 in retirement health benefits funding bonds (the “Bonds”). The Bonds were issued at an aggregate price of \$93,763,635 (representing the principal amount of \$94,765,000 less issuance costs of \$1,001,365). The Bonds have a final maturity to occur on May 1, 2043, with a variable interest rate (initially at 3.562%). Proceeds from the sale of bonds were used to refinance a portion of the District’s obligation to pay retirement medical and other health benefits owed to eligible employees and former employees pursuant to certain labor contracts.

On December 19, 2019, the District issued \$33,595,000 of Taxable Retirement Health Benefits Refunding Bonds, Series 2019A. The bonds bear fixed interest rates ranging between 1.80% and 2.85% with annual maturities from May 1, 2020, through May 1, 2033. The net proceeds of \$33,071,986 (after issuance costs of \$426,610 and original issuance discount of \$110,404) were used to advance refund \$32,965,000 of the District’s outstanding 2008 Retirement Health Benefits Funding Bonds.

On June 9, 2021, the District issued \$33,520,000 of Taxable Retirement Health Benefits Refunding Bonds, Series 2021. The bonds bear fixed interest rates ranging between 1.90% and 2.70% with annual maturities from May 1, 2033, through May 1, 2043. The net proceeds of \$33,048,212 (after issuance costs of \$220,388 and original issuance discount of \$251,400) were used to advance refund \$32,970,000 of the District’s outstanding 2008 Retirement Health Benefits Funding Bonds.

Below is a schedule of bonds issued and outstanding as of June 30, 2025.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025
2019A	12/19/2019	5/1/2033	1.80% - 2.85%	\$ 33,595,000	\$ 22,740,000	\$ -	\$ 2,355,000	\$ 20,385,000
2021	6/9/2021	5/1/2043	1.90%-2.70%	33,520,000	33,520,000	-	-	33,520,000
				Totals	\$ 56,260,000	\$ -	\$ 2,355,000	\$ 53,905,000

The bonds mature as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	\$ 2,410,000	\$ 1,336,213	\$ 3,746,213
2026-2027	2,465,000	1,279,578	3,744,578
2027-2028	2,525,000	1,219,185	3,744,185
2028-2029	2,590,000	1,156,060	3,746,060
2029-2030	2,655,000	1,090,015	3,745,015
2030-2035	14,615,000	4,350,153	18,965,153
2035-2040	16,755,000	2,566,953	19,321,953
2040-2042	9,890,000	517,865	10,407,865
Totals	\$ 53,905,000	\$ 13,516,022	\$ 67,421,020

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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

#### D. Energy Financing Agreements

The District has entered into agreements to finance facilities and energy efficient equipment valued at \$10.5 million. The agreements are, in substance, financed purchases. The District's liability on these obligations is summarized below:

<u>Year Ending June 30,</u>	<u>Payment</u>
2026	\$ 1,055,645
2027	746,118
2028	<u>210,557</u>
Total minimum	2,012,320
Less interest	<u>(110,735)</u>
Total	<u>\$ 1,901,585</u>

#### E. PARS Supplementary Retirement Plan

District leadership worked with Public Agency Retirement Services (PARS) to design a Supplementary Retirement Plan (SRP), a retirement incentive offer that encouraged eligible employees to retire/separate from service. The goal of the program was to generate savings by increasing the number of retirements in the 2020-2021 school year. The SRP provides participating employees with a monthly benefit calculated utilizing 70% of their final year salary paid into the plan over a five-year period. As a result of the offer, 189 employees retired under the plan. As of June 30, 2025, this agreement has been fully repaid.

#### F. Subscription-Based Information Technology Arrangements

The District is involved in several arrangement for subscription-based software. The initial terms for these subscriptions range from 24 to 72 months. There are no variable payments not included in the measurement of the lease liability, no residual value guarantees provided and no commitments before the commencement of the lease term. The District used either the stated interest rate or the State's incremental borrowing rate at inception to discount the subscription payments to the net present value. Other key assumptions and policies can be found in Note 1.D. The related asset disclosures are presented in Note 6.

Annual future payments are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>	<u>Interest</u>
2026	<u>\$ 118,904</u>	<u>\$ -</u>

#### G. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$9,370,000 as of June 30, 2025, does not represent debt of the District and, as such, does not appear in the financial statements.

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ (51,883,463)	\$ 12,604,747	\$ 20,887,056	\$ (456,473)
MPP Program	860,103	-	-	(221,660)
Totals	<u>\$ (51,023,360)</u>	<u>\$ 12,604,747</u>	<u>\$ 20,887,056</u>	<u>\$ (678,133)</u>

The details of each plan are as follows:

#### **District Plan**

##### ***Plan Description***

The Orange Unified School District's defined benefit OPEB plan, Orange Unified District Retiree Benefit Plan (the Plan) is described below. The Plan is a single employer defined benefit plan administered by the District. The District sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the District through a contribution to PEMHCA. Dental coverage is offered through California's Valued Trust (CVT) and consists of a choice of Delta Dental HMO or Delta DPO.

##### ***Benefits Provided***

The District offers medical, dental and vision coverage to its retirees based on the employment group. The District also pays a percent-of-premium administrative fee to PEMHCA for each retiree.

Classified (CSEA) employees hired before July 1, 1992, who have completed at least 10 years of service with the District, and are at least age 50 at retirement, are eligible to receive a monthly District contribution equal to the employee and spouse medical, dental and vision premiums, under PEMHCA for life.

Classified (CSEA) employees hired before July 1, 1992, who have completed at least 10 years of service with the District, and are at least age 50 at retirement and chose "Option B", are eligible to receive a monthly District contribution equal to the employee and spouse medical, dental and vision premiums, under PEMHCA until the first of the month in which the employee attains the age of 65.

In 2019 and in 2021, Classified (CSEA) employees eligible for health benefits, who have completed at least 15 years of service with the District, and are at least age 55 but not yet 65 at retirement, are eligible to receive a monthly District contribution equal to the employee medical, dental and vision premiums, under PEMHCA until the first of the month in which the employee attains the age of 65. Employees hired on or after July 1, 1992, are not eligible for District-paid benefits. District paid benefits are subject to the applicable active cap.

Certificated employees hired before July 1, 1992 who have completed at least 10 years of service with the District, and are at least age 55 at retirement or 15 years of service if hired on or after July 1, 1991 and prior to July 1, 1992 and are at least 50 years at retirement, are eligible to receive a monthly District contribution equal to 100% of the family medical, dental and vision premiums, under PEMHCA for life.

**ORANGE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

The details of each plan are as follows:

**District Plan**

***Benefits Provided (continued)***

Certificated employees hired on or after July 1, 1991, who have completed 15 years of service with the District and are at least age 55 at retirement, are eligible to receive a monthly District contribution equal to the employee medical, dental and vision premiums, under PEMHCA until the first of the month in which the employee attains the age of 65. District paid benefits are subject to the applicable active cap.

Management employees hired before July 1, 1992, who have completed at least 15 years of service with the District and are at least age 50 for classified and 55 for certificated at retirement, are eligible to receive a monthly District contribution equal to the employee and spouse medical, dental and vision premiums, under PEMHCA for life.

Management employees hired before July 1, 1992, who have completed at least 15 years of service with the District and are at least age 50 for classified and 55 for certificated at retirement and chose “Option B”, are eligible to receive a monthly District contribution equal to the employee and spouse medical, dental and vision premiums, under PEMHCA until the first of the month in which the employee attains the age of 65.

Management employees hired on or after July 1, 1992, who have completed at least five years of service with the District, and are at least age 55 at retirement, are eligible to receive a monthly District contribution equal to the employee medical, dental and vision premiums, under PEMHCA until the first of the month in which the employee attains the age of 65. District paid benefits are subject to the applicable active cap.

***Contributions***

The contributions of Plan members and the Orange Unified School District are established, but not required, and may be amended by the Orange Unified School District and the Orange Unified Education Association and the local California Service Employees Association. For fiscal year 2024-25, the District contributed \$6,225,099 to the Plan, all of which was used for current premiums.

***Employees Covered by Benefit Terms***

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

Inactive employees or beneficiaries currently receiving benefit payments	658
Active employees	1,454
Total	<u>2,112</u>

***Net OPEB Asset***

The District’s net OPEB asset of \$51,883,463 was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2025.

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

#### District Plan (continued)

##### *Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2025
Salary increases	2.75%
Inflation rate	2.50%
Investment rate of return	5.00%, net of OPEB plan investment expense
Healthcare cost trend rates	7.50% for 2025 decreasing to 4.00% for 2075 and later years; Medicare ages: 5.50% decreasing to 4.00%

Actuarial assumptions used in the June 30, 2025 valuation were based on a review of plan experience during the period June 30, 2023, to June 30, 2025.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed	
	Asset Allocation	Real Rate of Return
Broad U.S. Equity	10%	4.4%
U.S. Fixed	75%	1.8%
Global ex-U.S. Equity	10%	4.8%
Real Estate	5%	3.7%

#### *Mortality Rates*

Pre-retirement mortality rates were based on the CalSTRS Experience Analysis (2015-2018) for certificated participants and on the CalPERS Experience Study (2000-2019) for classified participants. Post-retirement mortality rates were based on the CalSTRS Experience Analysis (2015-2018) for certificated retired members and beneficiaries and on the CalPERS Experience Study (2000-2019) for classified healthy recipients.

#### *Discount Rate*

GASB 75 requires a discount rate that reflects the following:

- The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.
- A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

#### District Plan (continued)

##### *Discount Rate (continued)*

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return on Investments	Fidelity G.O. AA 20 Year Muni Index	Discount Rate
June 30, 2024	June 30, 2024	5.00%	3.97%	5.00%
June 30, 2025	June 30, 2025	5.00%	5.20%	5.00%

#### Changes in the Net OPEB Liability (Asset)

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
<b>Balance at July 1, 2024</b>	\$ 73,601,875	\$ 118,757,495	\$ (45,155,620)
<b>Changes for the year:</b>			
Service cost	1,684,246	-	1,684,246
Interest	3,610,577	-	3,610,577
Differences between expected and actual experience	2,584,203	-	2,584,203
Employer contributions	-	6,225,099	(6,225,099)
Net investment income	-	11,259,253	(11,259,253)
Benefit payments	(6,225,099)	(6,225,099)	-
Administrative expenses	-	(301,545)	301,545
Changes of assumptions	2,575,938		2,575,938
Net changes	4,229,865	10,957,708	(6,727,843)
<b>Balance at June 30, 2025</b>	\$ 77,831,740	\$ 129,715,203	\$ (51,883,463)

##### *Sensitivity of the Net OPEB Asset to Changes in the Discount Rate*

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

Discount Rate	OPEB Liability (Asset)
1% decrease	\$ (45,961,510)
Current discount rate	\$ (51,883,463)
1% increase	\$ (57,250,045)

**ORANGE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**District Plan (continued)**

***Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates***

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

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ (58,208,228)
Current trend rate	\$ (51,883,463)
1% increase	\$ (44,671,580)

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2025, the District recognized OPEB expense of \$(456,473). In addition, at June 30, 2025, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,545,903	\$ 6,441,111
Changes of assumptions	2,223,070	7,660,724
Net difference between projected and actual earnings on OPEB plan investments	5,835,774	6,785,221
Totals	<u>\$ 12,604,747</u>	<u>\$ 20,887,056</u>

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

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 7,700,491	\$ 6,738,527
2027	1,864,719	6,669,239
2028	706,868	4,713,100
2029	706,868	2,766,190
2030	706,868	-
Thereafter	918,933	-
Totals	<u>\$ 12,604,747</u>	<u>\$ 20,887,056</u>

# ORANGE UNIFIED SCHOOL DISTRICT

*Notes to Financial Statements*

*June 30, 2025*

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## NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

### **District Plan (continued)**

#### **Investments**

##### ***Investment policy***

The District's Retirement Board of Authority oversees and runs the Futuris Trust. Benefit Trust Company is the qualified Discretionary Trustee for asset and fiduciary management and investment policy development. Keenan & Associates is the program coordinator for the Futuris Trust providing oversight of the Futuris Program and guidance to the District. Audited financial statements of the Futuris Trust OPEB long-term investment fund can be obtained from the District.

The District's policy regarding the Plan's allocation of invested assets is established and may be amended by District management. The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth in the investment guidelines.

##### ***Rate of return***

For the year ended on the measurement date, the annual money-weighted rate of return on investments, net of investment expense, was 9.49 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

### **Medicare Premium Payment (MPP) Program**

#### ***Plan Description***

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

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

#### ***Benefits Provided***

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

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

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

**ORANGE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**Medicare Premium Payment (MPP) Program (continued)**

***Total OPEB Liability***

At June 30, 2025, the District reported a liability of \$860,103 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2024, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending June 30, 2025</b>	<b>Fiscal Year Ending June 30, 2024</b>	
Measurement Date	<u>June 30, 2024</u>	<u>June 30, 2023</u>	
Proportion of the Net OPEB Liability	0.322682%	0.356503%	-0.033821%

For the year ended June 30, 2025, the District reported OPEB expense of \$(221,660).

***Actuarial Assumptions and Other Inputs***

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

Measurement Date	June 30, 2024
Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	3.93%
Healthcare Cost Trend Rates	5.0% for Medicare Part A, and 6.5% for Medicare Part B

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

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

# ORANGE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

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## NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

### Medicare Premium Payment (MPP) Program (continued)

#### *Discount Rate*

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

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

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

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

Discount Rate	MPP OPEB Liability
1% decrease	\$ 928,031
Current discount rate	\$ 860,103
1% increase	\$ 800,375

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

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

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	\$ 796,793
Current trend rate	\$ 860,103
1% increase	\$ 930,787

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLANS

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 148,562,287	\$ 56,747,267	\$ 43,041,584	\$ 6,729,394
CalPERS	107,733,970	47,071,606	27,222,578	16,635,783
Total	<u>\$ 256,296,257</u>	<u>\$ 103,818,873</u>	<u>\$ 70,264,162</u>	<u>\$ 23,365,177</u>

The details of each plan are as follows:

#### A. California State Teachers' Retirement System (CalSTRS)

##### Plan Description

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

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

##### Benefits Provided

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

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

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

#### A. 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:

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

##### Contributions

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

The contribution rates for each program for the year ended June 30, 2025, are presented above, and the District's total contributions were \$30,804,831.

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

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

District's proportionate share of net pension liability	\$	148,562,287
State's proportionate share of the net pension liability associated with the District		68,160,888
Total	\$	<u>216,723,175</u>

**ORANGE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

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**NOTE 9 – PENSION PLANS (continued)**

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

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

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

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2025</u>	<u>Fiscal Year Ending June 30, 2024</u>	
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.221197%	0.241023%	-0.019826%

For the year ended June 30, 2025, the District recognized pension expense of \$6,729,394. In addition, the District recognized pension expense and revenue of \$(6,512,410) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 30,804,831	\$ -
Net change in proportionate share of net pension liability	8,487,810	25,799,308
Difference between projected and actual earnings on pension plan investments	-	599,443
Changes of assumptions	650,318	10,146,289
Differences between expected and actual experience	16,804,308	6,496,544
Total	<u>\$ 56,747,267</u>	<u>\$ 43,041,584</u>

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

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLANS (continued)

#### A. California State Teachers' Retirement System (CalSTRS) (continued)

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 2,897,536	\$ 16,306,985
2027	14,634,296	6,344,289
2028	2,932,995	5,445,418
2029	2,211,489	6,122,280
2030	2,733,513	3,771,571
Thereafter	532,607	5,051,041
Total	<u>\$ 25,942,436</u>	<u>\$ 43,041,584</u>

##### Actuarial Methods and Assumptions

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

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

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

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

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

### NOTE 9 – PENSION PLANS (continued)

#### A. California State Teachers' Retirement System (CalSTRS) (continued)

##### Actuarial Methods and Assumptions (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 Rate of Return	Long-Term Expected Real Rate of Return
Public Equity	38.0%	8.00%	5.25%
Real Estate	15.0%	6.80%	4.05%
Private Equity	14.0%	9.50%	6.75%
Fixed Income	14.0%	5.20%	2.45%
Risk Mitigating Strategies	10.0%	5.00%	2.25%
Inflation Sensitive	7.0%	6.40%	3.65%
Cash/Liquidity	2.0%	2.80%	0.05%

##### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 264,243,696
Current discount rate (7.10%)	\$ 148,562,287
1% increase (8.10%)	\$ 51,963,510

##### On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$13,763,118.

# ORANGE UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

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## NOTE 9 – PENSION PLANS (continued)

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

#### Plan Description

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

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

#### Benefits Provided

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

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

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
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
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	27.05%	27.05%

#### Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the total District contributions were \$18,646,964.

**ORANGE UNIFIED SCHOOL DISTRICT**

*Notes to Financial Statements*

*June 30, 2025*

**NOTE 9 – PENSION PLANS (continued)**

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

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$107,733,970. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<b>Change Increase/ (Decrease)</b>
	<b>Fiscal Year Ending</b>	<b>Fiscal Year Ending</b>	
	<b>June 30, 2025</b>	<b>June 30, 2024</b>	
Measurement Date	<u>June 30, 2024</u>	<u>June 30, 2023</u>	
Proportion of the Net Pension Liability	0.301448%	0.331436%	-0.029987%

For the year ended June 30, 2025, the District recognized pension expense of \$16,635,783. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 18,646,964	\$ -
Net change in proportionate share of net pension liability	987,450	14,612,383
Difference between projected and actual earnings on pension plan investments	16,023,989	11,839,147
Changes of assumptions	2,381,285	-
Differences between expected and actual experience	<u>9,031,918</u>	<u>771,048</u>
Total	<u>\$ 47,071,606</u>	<u>\$ 27,222,578</u>

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

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLANS (continued)

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

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

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2026	\$ 14,848,761	\$ 13,438,397
2027	11,197,964	5,962,870
2028	2,377,917	4,428,057
2029	-	3,393,254
2030	-	-
Thereafter	-	-
Total	<u>\$ 28,424,642</u>	<u>\$ 27,222,578</u>

##### Actuarial Methods and Assumptions

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

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

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

In determining the long-term expected rate of return, CalPERS took into account 20-year market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

# ORANGE UNIFIED SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2025

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### NOTE 9 – PENSION PLANS (continued)

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

##### Actuarial Methods and Assumptions (continued)

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

Asset Class	Assumed Asset Allocation	Real Return
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

##### Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.9%)	\$ 160,039,710
Current discount rate (6.9%)	\$ 107,733,970
1% increase (7.9%)	\$ 64,525,263

#### C. Public Agency Retirement System (PARS)

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

#### D. Payables to the Pension Plans

At June 30, 2025, the District reported payables of \$2,937,913 and \$1,311,210 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2025.

## ORANGE UNIFIED SCHOOL DISTRICT

*Notes to Financial Statements*

*June 30, 2025*

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### NOTE 10 – COMMITMENTS AND CONTINGENCIES

#### A. State and Federal Allowances, Awards, and Grants

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

#### B. Construction Commitments

As of June 30, 2025, the District had commitments with respect to unfinished capital projects of approximately \$13.6 million.

#### C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2025. The District is currently responding to claims asserted by vendors related to costs associated with construction project delays. The anticipated exposure related to these claims is currently estimated at \$2 million to \$2.5 million. This matter is still in litigation.

### NOTE 11 – RISK MANAGEMENT

#### Property and Liability

The District is a member of the Southern California Regional Liability Excess Fund (SoCal ReLiEF), public entity risk pools. The District pays an annual premium for its property liability coverage. The relationships between the District, the pool is such that they are not component units of the District for financial reporting purposes.

SoCal ReLiEF has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between SoCal ReLiEF and the District are included in these statements. Audited financial statements are generally available from the respective entities.

#### Workers' Compensation

For fiscal year 2024-25, the District was self-funded for workers' compensation for the first \$250,000 of each loss, with excess coverage provided through a commercial excess insurance policy up to a maximum limit of \$25 million.

#### Employee Medical Benefits

The District has contracted with SISC to provide employee medical, dental and vision benefits.

#### Claims Liability

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

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2025*

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**NOTE 11 – RISK MANAGEMENT (continued)**

**Unpaid Claims Liabilities**

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2023, to June 30, 2025:

	Workers' Compensation
Liability Balance, July 1, 2023	\$ 8,357,000
Claims and changes in estimates	(1,781,147)
Claims payments	3,325,147
Liability Balance, June 30, 2024	<u>9,901,000</u>
Claims and changes in estimates	(2,713,643)
Claims payments	3,295,643
Liability Balance, June 30, 2025	<u>\$ 10,483,000</u>
Assets available to pay claims at June 30, 2025	<u>\$ 17,247,986</u>

**NOTE 12 – ADJUSTMENT FOR RESTATEMENT**

The District has implemented the provisions of GASB Statement No. 101, *Compensated Absences*. Accordingly, prior year liabilities on the Statement of Net Position were restated to adopt this standard.

	Statement of Activities
Net position - July 1, 2024, as originally stated	\$ 303,255,534
Implementation of GASB 101	<u>(9,356,064)</u>
Net Position - July 1, 2024	<u>\$ 293,899,470</u>

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*Required Supplementary Information*

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

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget - Pos (Neg)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
LCFF sources	\$ 297,525,939	\$ 298,542,376	\$ 299,102,930	\$ 560,554
Federal sources	14,427,013	20,719,539	21,790,477	1,070,938
Other state sources	74,420,599	74,747,976	75,977,824	1,229,848
Other local sources	16,419,141	17,445,889	26,521,412	9,075,523
<b>Total Revenues</b>	<b>402,792,692</b>	<b>411,455,780</b>	<b>423,392,643</b>	<b>11,936,863</b>
<b>Expenditures</b>				
Current:				
Certificated salaries	153,777,823	161,470,459	163,003,895	(1,533,436)
Classified salaries	57,578,841	56,904,430	63,491,030	(6,586,600)
Employee benefits	101,808,388	102,731,328	101,147,680	1,583,648
Books and supplies	22,493,772	23,182,046	20,553,460	2,628,586
Services and other operating expenditures	47,558,826	51,067,088	51,301,576	(234,488)
Transfers of indirect costs	(641,474)	(643,480)	(709,162)	65,682
Capital outlay	3,147,465	11,018,433	12,873,507	(1,855,074)
Other Outgo	6,866,510	6,866,510	6,654,748	211,762
<b>Total Expenditures</b>	<b>392,590,151</b>	<b>412,596,814</b>	<b>418,316,734</b>	<b>(5,719,920)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,202,541	(1,141,034)	5,075,909	6,216,943
<b>Other Financing Sources and Uses</b>				
Interfund transfers in	3,744,200	3,744,200	3,740,247	(3,953)
Interfund transfers out	(12,163,688)	(12,163,688)	(9,656,085)	2,507,603
<b>Total Other Financing Sources and Uses</b>	<b>(8,419,488)</b>	<b>(8,419,488)</b>	<b>(5,915,838)</b>	<b>2,503,650</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,783,053	(9,560,522)	(839,929)	8,720,593
Fund Balances, July 1, 2024	219,022,536	216,660,043	216,660,043	-
Fund Balances, June 30, 2025	\$ 220,805,589	\$ 207,099,521	215,820,114	\$ 8,720,593
<b>Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:</b>				
Special Reserve Fund for Other Than Capital Outlay Projects			1,178,026	
<b>Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:</b>			\$ 216,998,140	

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

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years				
	2024-25 2023-24	2023-24 2022-23	2022-23 2021-22	2021-22 2020-21	2020-21 2019-20
District's proportion of the net pension liability	0.2212%	0.2410%	0.2375%	0.2446%	0.2501%
District's proportionate share of the net pension liability	\$ 148,562,287	\$ 183,565,295	\$ 165,008,819	\$ 111,295,917	\$ 242,387,601
State's proportionate share of the net pension liability associated with the District	68,160,888	87,951,294	82,635,772	55,999,789	124,950,837
<b>Totals</b>	<b>\$ 216,723,175</b>	<b>\$ 271,516,589</b>	<b>\$ 247,644,591</b>	<b>\$ 167,295,706</b>	<b>\$ 367,338,438</b>
District's covered-employee payroll	\$ 153,764,086	\$ 141,125,554	\$ 133,374,468	\$ 128,113,269	\$ 124,171,452
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96.62%	130.07%	123.72%	86.87%	195.20%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Employer's Fiscal Year Measurement Period	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17	2016-17 2015-16	2015-16 2014-15
District's proportion of the net pension liability	0.24%	0.2540%	0.2450%	0.2580%	0.2650%
District's proportionate share of the net pension liability	\$ 212,535,592	\$ 233,507,872	\$ 226,807,912	\$ 208,815,385	\$ 178,209,476
State's proportionate share of the net pension liability associated with the District	\$ 115,952,354	133,694,833	134,178,738	118,892,375	94,305,803
<b>Totals</b>	<b>\$ 328,487,946</b>	<b>\$ 367,202,705</b>	<b>\$ 360,986,650</b>	<b>\$ 327,707,760</b>	<b>\$ 272,515,279</b>
District's covered-employee payroll	\$ 128,054,165	\$ 132,092,488	\$ 131,030,288	\$ 129,820,436	\$ 122,389,401
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.97%	176.80%	173.10%	160.85%	145.61%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	70%	70%	74%

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

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<b>Employer's Fiscal Year</b>	<i>Last Ten Fiscal Years</i>				
	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
<b>Measurement Period</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>	<b>2019-20</b>
District's proportion of the net pension liability	0.3014%	0.3314%	0.3448%	0.3658%	0.3519%
District's proportionate share of the net pension liability	\$ 107,733,970	\$ 119,976,011	\$ 118,659,703	\$ 74,384,122	\$ 107,974,037
District's covered-employee payroll	\$ 58,403,748	\$ 55,835,775	\$ 52,994,282	\$ 52,461,222	\$ 49,696,729
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.46%	214.87%	223.91%	135.08%	217.27%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
<b>Employer's Fiscal Year</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Measurement Period</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>
District's proportion of the net pension liability	0.3541%	0.3700%	0.3680%	0.3760%	0.3750%
District's proportionate share of the net pension liability	\$ 103,192,861	\$ 98,551,857	\$ 87,784,702	\$ 74,270,848	\$ 55,217,596
District's covered-employee payroll	\$ 49,329,432	\$ 48,600,692	\$ 46,740,641	\$ 45,081,117	\$ 41,508,908
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	209.19%	202.80%	187.80%	164.75%	133.03%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

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

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	<i>Last Ten Fiscal Years</i>				
<b>Employer's Fiscal Year</b>	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
Contractually required contribution	\$ 30,804,831	\$ 29,368,940	\$ 26,954,981	\$ 22,566,960	\$ 20,690,293
Contributions in relation to the contractually required contribution	<u>30,804,831</u>	<u>29,368,940</u>	<u>26,954,981</u>	<u>22,566,960</u>	<u>20,690,293</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 161,281,838</u>	<u>\$ 153,764,086</u>	<u>\$ 141,125,554</u>	<u>\$ 133,374,468</u>	<u>\$ 128,113,269</u>
Contributions as a percentage of covered-employee payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
<b>Employer's Fiscal Year</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
Contractually required contribution	\$ 21,233,318	\$ 20,847,218	\$ 18,425,894	\$ 16,157,373	\$ 13,515,699
Contributions in relation to the contractually required contribution	<u>21,233,318</u>	<u>20,847,218</u>	<u>18,425,894</u>	<u>16,157,373</u>	<u>13,515,699</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 124,171,452</u>	<u>\$ 128,054,165</u>	<u>\$ 132,092,488</u>	<u>\$ 131,030,288</u>	<u>\$ 129,820,436</u>
Contributions as a percentage of covered-employee payroll	<u>17.10%</u>	<u>16.28%</u>	<u>13.95%</u>	<u>12.33%</u>	<u>10.41%</u>

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

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*Last Ten Fiscal Years*

<b>Employer's Fiscal Year</b>	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2020-21</b>
Contractually required contribution	\$ 18,646,964	\$ 15,582,120	\$ 14,165,536	\$ 12,140,990	\$ 10,859,473
Contributions in relation to the contractually required contribution	<u>18,646,964</u>	<u>15,582,120</u>	<u>14,165,536</u>	<u>12,140,990</u>	<u>10,859,473</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 68,935,172</u>	<u>\$ 58,403,748</u>	<u>\$ 55,835,775</u>	<u>\$ 52,994,282</u>	<u>\$ 52,461,222</u>
Contributions as a percentage of covered-employee payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>

<b>Employer's Fiscal Year</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
Contractually required contribution	\$ 9,800,692	\$ 8,909,882	\$ 7,549,236	\$ 6,393,311	\$ 5,240,840
Contributions in relation to the contractually required contribution	<u>9,800,692</u>	<u>8,909,882</u>	<u>7,549,236</u>	<u>6,393,311</u>	<u>5,240,840</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 49,696,729</u>	<u>\$ 49,329,432</u>	<u>\$ 48,600,692</u>	<u>\$ 46,710,641</u>	<u>\$ 45,081,117</u>
Contributions as a percentage of covered-employee payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.533%</u>	<u>13.687%</u>	<u>11.625%</u>

# ORANGE UNIFIED SCHOOL DISTRICT

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

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*							
	2024-25	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
<b>Total OPEB liability</b>								
Service cost	\$ 1,684,246	\$ 1,381,297	\$ 1,566,680	\$ 1,650,720	\$ 1,722,863	\$ 2,025,591	\$ 1,921,862	\$ 1,870,425
Interest	3,610,577	3,678,145	4,685,700	4,720,628	4,597,487	4,517,658	4,492,477	4,435,360
Changes of benefit terms	-	-	-	-	2,893,059	-	-	-
Difference between expected and actual experience	2,584,203	-	(10,222,313)	-	8,104,945	-	(3,248,750)	-
Changes in assumptions	2,575,938	-	(8,482,310)	-	(8,944,339)	(84,813)	(2,241,336)	-
Benefit payments	(6,225,099)	(7,190,633)	(7,828,524)	(6,163,550)	(5,522,369)	(5,773,647)	(6,556,697)	(3,675,794)
<b>Net change in total OPEB liability</b>	<b>4,229,865</b>	<b>(2,131,191)</b>	<b>(20,280,767)</b>	<b>207,798</b>	<b>2,851,646</b>	<b>684,789</b>	<b>(5,632,444)</b>	<b>2,629,991</b>
<b>Total OPEB liability - beginning</b>	<b>73,601,875</b>	<b>75,733,066</b>	<b>96,013,833</b>	<b>95,806,035</b>	<b>92,954,389</b>	<b>92,269,600</b>	<b>97,902,044</b>	<b>95,272,053</b>
<b>Total OPEB liability - ending</b>	<b>\$ 77,831,740</b>	<b>\$ 73,601,875</b>	<b>\$ 75,733,066</b>	<b>\$ 96,013,833</b>	<b>\$ 95,806,035</b>	<b>\$ 92,954,389</b>	<b>\$ 92,269,600</b>	<b>\$ 97,902,044</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	\$ 6,225,099	\$ 7,190,633	\$ 7,828,524	\$ 6,163,550	\$ -	\$ -	\$ 2,275,056	\$ 4,854,486
Net investment income	11,259,253	9,493,800	5,479,532	(22,342,123)	6,062,600	7,312,904	7,451,519	-
Benefit payments	(6,225,099)	(7,190,633)	(7,828,524)	(6,163,550)	(5,522,369)	(5,773,647)	(6,556,697)	(3,675,794)
Investment gains/losses	-	-	-	-	5,421,875	-	-	-
Administrative expense	(301,545)	(275,230)	(253,283)	(409,940)	-	(446,028)	(436,759)	(449,007)
Other disbursements	-	(1,750)	(5,250)	(2,869,876)	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>10,957,708</b>	<b>9,216,820</b>	<b>5,220,999</b>	<b>(25,621,939)</b>	<b>5,962,106</b>	<b>1,093,229</b>	<b>2,733,119</b>	<b>729,685</b>
<b>Plan fiduciary net position - beginning</b>	<b>118,757,495</b>	<b>109,540,675</b>	<b>104,319,676</b>	<b>129,941,615</b>	<b>123,979,509</b>	<b>122,886,280</b>	<b>120,153,161</b>	<b>119,423,476</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 129,715,203</b>	<b>\$ 118,757,495</b>	<b>\$ 109,540,675</b>	<b>\$ 104,319,676</b>	<b>\$ 129,941,615</b>	<b>\$ 123,979,509</b>	<b>\$ 122,886,280</b>	<b>\$ 120,153,161</b>
<b>District's net OPEB liability (asset) - ending</b>	<b>\$ (51,883,463)</b>	<b>\$ (45,155,620)</b>	<b>\$ (33,807,609)</b>	<b>\$ (8,305,843)</b>	<b>\$ (34,135,580)</b>	<b>\$ (31,025,120)</b>	<b>\$ (30,616,680)</b>	<b>\$ (22,251,117)</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability (asset)</b>	<b>166.66%</b>	<b>161.35%</b>	<b>144.64%</b>	<b>108.65%</b>	<b>135.63%</b>	<b>133.38%</b>	<b>133.18%</b>	<b>122.73%</b>
<b>Covered payroll</b>	<b>\$ 217,952,357</b>	<b>\$ 137,701,801</b>	<b>\$ 153,440,710</b>	<b>\$ 175,708,811</b>	<b>\$ 182,926,362</b>	<b>\$ 190,483,880</b>	<b>\$ 185,385,771</b>	<b>\$ 192,607,861</b>
<b>Net OPEB liability (asset) as a percentage of covered payroll</b>	<b>(23.8%)</b>	<b>(32.8%)</b>	<b>(22.0%)</b>	<b>(4.7%)</b>	<b>(18.66%)</b>	<b>(16.29%)</b>	<b>(16.52%)</b>	<b>(11.55%)</b>

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

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Schedule of the OPEB Contributions*  
*For the Fiscal Year Ended June 30, 2025*

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	Last Ten Fiscal Years*			
Employer Fiscal Year	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>
Measurement Period	<b>2024-25</b>	<b>2023-24</b>	<b>2022-23</b>	<b>2021-22</b>
Actuarially determined contribution	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	\$ 6,225,099	\$ 7,190,633	\$ 7,828,524	\$ 6,163,550
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 217,952,357	\$ 137,701,801	\$ 153,440,710	\$ 175,708,811
Contributions as a percentage of covered-employee payroll	2.86%	5.22%	5.10%	3.51%
Employer Fiscal Year	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Measurement Period	<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>
Actuarially determined contribution	N/A	N/A	N/A	N/A
Contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ 2,275,056	\$ 4,854,486
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 182,926,362	\$ 190,483,880	\$ 185,385,771	\$ 192,607,861
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	1.23%	2.52%

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

## ORANGE UNIFIED SCHOOL DISTRICT

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

	<i>Last Ten Fiscal Years*</i>			
Employer's Fiscal Year Measurement Period	<b>2024-25 2023-24</b>	<b>2023-24 2022-23</b>	<b>2022-23 2021-22</b>	<b>2021-22 2020-21</b>
District's proportion of net OPEB liability	0.3227%	0.3565%	0.3564%	0.3676%
District's proportionate share of net OPEB liability	\$ 860,103	\$ 1,081,763	\$ 1,174,004	\$ 1,466,297
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.94%)	(0.94%)	(0.80%)
Employer's Fiscal Year Measurement Period	<b>2020-21 2019-20</b>	<b>2019-20 2018-19</b>	<b>2018-19 2017-18</b>	<b>2017-18 2016-17</b>
District's proportion of net OPEB liability	0.3588%	0.3637%	0.3995%	0.3903%
District's proportionate share of net OPEB liability	\$ 1,606,377	\$ 1,354,442	\$ 1,529,303	\$ 1,642,187
Covered-employee payroll	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

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

# ORANGE UNIFIED SCHOOL DISTRICT

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

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## NOTE 1 – PURPOSE OF SCHEDULES

### **Budgetary Comparison Schedule**

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

### **Schedule of the District's Proportionate Share of the Net Pension Liability**

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

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

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

### **Schedule of District Contributions**

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

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

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

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

*Change of assumptions* – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate remained unchanged at 5.00 percent.

### **Schedule of OPEB Contributions**

This schedule presents information on the District's contribution, the amounts actually contributed, and any excess or deficiency related to the contribution. The District does not have actuarially determined contributions. In the future, as data becomes available, ten years of information will be presented.

## **ORANGE UNIFIED SCHOOL DISTRICT**

*Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2025*

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### **NOTE 1 – PURPOSE OF SCHEDULES (continued)**

#### **Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program**

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

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

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

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*Supplementary Information*

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

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<b>Orange Unified School District</b>		
	<b>Second Period Report</b>	<b>Annual Report</b>
<b>Regular ADA &amp; Extended Year:</b>		
TK/Grades K-3	6,826.79	6,837.88
Grades 4-6	5,171.78	5,177.66
Grades 7-8	1,727.21	1,727.30
Grades 9-12	7,653.12	7,617.49
Total Regular ADA	21,378.90	21,360.33
<b>Special Education-Nonpublic, Nonsectarian Schools:</b>		
TK/Grades K-3	1.36	1.51
Grades 4-6	2.53	2.89
Grades 7-8	3.10	3.09
Grades 9-12	17.21	17.54
Total Special Education-Nonpublic, Nonsectarian Schools	24.20	25.03
<b>Community Day School:</b>	2.50	2.68
Total ADA	21,405.60	21,388.04
<b>El Rancho Charter School</b>		
	<b>Second Period Report</b>	<b>Annual Report</b>
<b>Regular ADA &amp; Extended Year:</b>		
Grades 7-8	1,092.01	1,090.13
<b>Special Education-Nonpublic, Nonsectarian Schools:</b>		
Grades 7-8	2.74	2.41
Total ADA	1,094.75	1,092.54
<b>Total Classroom- Based ADA</b>	1,094.75	1,092.54

**ORANGE UNIFIED SCHOOL DISTRICT**

*Schedule of Instructional Time*

*For the Fiscal Year Ended June 30, 2025*

<b>Orange Unified School District</b>				
Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	45,400	180	Complied
Grade 1	50,400	50,474	180	Complied
Grade 2	50,400	50,474	180	Complied
Grade 3	50,400	50,474	180	Complied
Grade 4	54,000	54,012	180	Complied
Grade 5	54,000	54,012	180	Complied
Grade 6	54,000	54,012	180	Complied
Grade 7	54,000	56,489	180	Complied
Grade 8	54,000	56,489	180	Complied
Grade 9	64,800	65,008	180	Complied
Grade 10	64,800	65,008	180	Complied
Grade 11	64,800	65,008	180	Complied
Grade 12	64,800	65,008	180	Complied

<b>El Rancho Charter School</b>				
Number of Instructional Days				
Grade Level	Instructional Minute Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Grade 7	54,000	59,600	180	Complied
Grade 8	54,000	59,600	180	Complied

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

General Fund	(Budget) 2026 <sup>2</sup>	2025 <sup>3</sup>	2024	2023
Revenues and other financing sources	\$ 430,116,562	\$ 427,132,890	\$ 423,111,054	\$ 434,593,618
Expenditures	403,546,216	418,316,734	384,890,527	363,795,402
Other uses and transfers out	7,631,538	9,656,085	4,234,686	5,548,008
Total outgo	411,177,754	427,972,819	389,125,213	369,343,410
Change in fund balance (deficit)	18,938,808	(839,929)	33,985,841	65,250,208
Ending fund balance	<u>\$ 234,758,922</u>	<u>\$ 215,820,114</u>	<u>\$ 216,660,043</u>	<u>\$ 182,674,202</u>
Available reserves <sup>1</sup>	<u>\$ 12,335,333</u>	<u>\$ 16,233,333</u>	<u>\$ 11,673,756</u>	<u>\$ 13,161,543</u>
Available reserves as a percentage of total outgo	<u>3.0%</u>	<u>3.8%</u>	<u>3.0%</u>	<u>3.6%</u>
Total long-term debt	<u>\$ 625,347,595</u>	<u>\$ 630,529,260</u>	<u>\$ 682,828,195</u>	<u>\$ 665,621,885</u>
Average daily attendance at P-2	<u>21,085</u>	<u>21,406</u>	<u>21,828</u>	<u>21,939</u>

The General Fund balance has increased over the past two years by \$33.1 million. The fiscal year 2025-26 adopted budget projects an increase of \$18.9 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in one the past three years, and anticipates incurring an operating surplus during the 2025-26 fiscal year. Long-term debt has decreased by \$(35.1) million over the past two years.

Average daily attendance decreased by 533 ADA over the past two years. Budgeted ADA for fiscal year 2025-26 projects a decrease of 321.

<sup>1</sup> Available reserves consist of all unassigned fund balances in the General Fund.

<sup>2</sup> Revised Final Budget September, 2025.

<sup>3</sup> The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other than Capital Outlay, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**ORANGE UNIFIED SCHOOL DISTRICT**

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

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

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Schedule of Charter Schools*  
*For the Fiscal Year Ended June 30, 2025*

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<u>Charter School</u>		<u>Inclusion in Financial</u>
<u>Name</u>	<u>Number</u>	<u>Statements</u>
Santiago Middle School	0066	Not included
El Rancho Charter School	0445	Included

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
<b>Federal Programs:</b>				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	\$ 219,052	
School Breakfast Program - Especially Needy	10.553	13526	1,591,643	
National School Lunch Program	10.555	13523	4,678,001	
Supply Chain Assistance (SCA) Funds	10.555	15655	1,428,456	
USDA Donated Foods	10.555	13391	873,317	
Total Child Nutrition Cluster				\$ 8,790,469
Forest Service Schools and Roads Cluster	10.665	10044		9,598
Passed through California Dept. of Social Services:				
Child and Adult Care Food Program:				
Child and Adult Care Food Program	10.558	13393	874,131	
Child and Adult Care Food Program Cash in Lieu	10.558	13393	50,880	
Total Child and Adult Care Food Program				925,011
Total U.S. Department of Agriculture				9,725,078
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Grants:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	6,114,881	
ESSA School Improvement (CSI) Funding for LEAs	84.010	15438	13,382	
Total Title I, Grants to LEAs				6,128,263
Title II, Part A, Supporting Effective Instruction	84.367	14341		854,643
English Language Acquisition Grants				
Title III, Limited English Proficiency (LEP) Student Program	84.365	10084	618,584	
Title III, Immigrant Education Program	84.365	15146	105,486	
Subtotal English Language Acquisition Grants				724,070
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		283,909
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	5,871,076	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	437,753	
ASES Rate Increase: ESSER III State Reserve Summer Learning Program	84.425U	15652	695,710	
American Rescue Plan - Homeless Children and Youth II (ARP HYC II)	84.425U	15566	19,448	
Subtotal Education Stabilization Fund				7,023,987
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster:				
Local Assistance Entitlement	84.027	13379	6,182,969	
Special Ed: IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	131,559	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	14468	289,156	
Preschool Staff Development	84.173A	13431	1,114	
Special Ed: Alternate Dispute Resolution	84.173A	13007	15,157	
Total Special Education Cluster				6,619,955
Early Intervention Grants, Part C	84.181	23761		86,305
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		237,085
Indian Education	84.060	10011		18,656
Total U.S. Department of Education				21,976,873
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Child Care and Development Block Grant Cluster:				
COVID-19 CRRSA Act - One-time Stipend	93.575	15555		3,352
Total U.S. Department of Health & Human Services				3,352
Total Expenditures of Federal Awards				\$ 31,705,303

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

# ORANGE UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2025

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## NOTE 1 – PURPOSE OF SCHEDULES

### Schedule of Average Daily Attendance (ADA)

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

### Schedule of Instructional Time

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

### Schedule of Financial Trends and Analysis

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

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

### Schedule of Charter Schools

This schedule lists all charter schools chartered by the District and displays information for each charter school and whether or not the charter school is included in the District audit.

### Schedule of Expenditures of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	<u>Assistance Listing</u>	<u>Amount</u>
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 30,273,495
Differences between Federal Revenues and Expenditures:		
COVID-19 CRRSA Act - One-time Stipend	93,575	3,352
Supply Chain Assistance (SCA) Funds	10,555	<u>1,428,456</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 31,705,303</u>

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*Other Information*

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# ORANGE UNIFIED SCHOOL DISTRICT

## Local Educational Agency Organization Structure

June 30, 2025

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The Orange Unified School District is located in the central portion of Orange County. The District operates under a locally elected seven-member board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. Founded in 1953, the District encompasses nearly 108 square miles, including the cities of Orange, Villa Park, and portions of Santa Ana, Anaheim, and Garden Grove. Starting from an original school building in 1972, the District has grown to 26 elementary schools (K-6), one magnet school (K-8), three middle schools (7-8), two charter schools (7-8), four high schools (9-12), a school for students with special needs, a community day school, and one continuation high school. A Career Education Center houses the District's Regional Occupational Program and Child Development Center. There were no boundary changes during the year.

### GOVERNING BOARD

Member	Office	Term Expires
Kris Erickson	President	2026
Andrea Yamasaki	Vice President	2026
Ana Page	Clerk	2028
Dr. Sierra Vane	Member	2028
Sara Pelly	Member	2026
Matthew Thomas	Member	2028
Dr. Stephen Glass	Member	2026

### DISTRICT ADMINISTRATORS

Rachel H. Monárrez, Ph.D.,  
*Superintendent*

Matthew Witmer, Ed.D.,  
*Assistant Superintendent, Educational Services*

Sulema Holguin,  
*Assistant Superintendent, Business Services/CBO*

Olga McCullough,  
*Assistant Superintendent, Human Resources*

Ernest Gonzalez,  
*Assistant Superintendent, Student Support and Community Engagement*

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*Other Independent Auditors' Reports*

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

Board of Education  
Orange Unified School District  
Orange, 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 Orange Unified School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 25, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

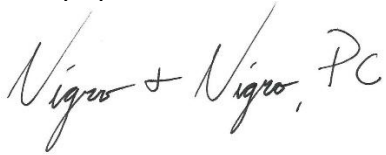
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Nigro + Nigro, PC".

Murrieta, California  
November 25, 2025



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

Board of Education  
Orange Unified School District  
Orange, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

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Murrieta, California  
November 25, 2025

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

Board of Education  
Orange Unified School District  
Orange, California

**Report on Compliance**

***Opinion***

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

In our opinion, Orange Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

***Basis for Opinion***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-25 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than 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, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

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

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

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

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2025-001 and 2025-002. Our opinion on each state program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control over Compliance***

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

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

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

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

A handwritten signature in black ink that reads "Nigro + Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California  
November 25, 2025

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*Schedule of Findings and Questioned Costs*

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**ORANGE UNIFIED SCHOOL DISTRICT**

*Summary of Auditors' Results*

*For the Fiscal Year Ended June 30, 2025*

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***Financial Statements***

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

***Federal Awards***

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

Identification of major programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Individuals with Disabilities Education Act (IDEA) Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 951,159</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

***State Awards***

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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**ORANGE UNIFIED SCHOOL DISTRICT**

*Financial Statement Findings*

*For the Fiscal Year Ended June 30, 2025*

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

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

*There were no financial statement findings in 2024-25.*

**ORANGE UNIFIED SCHOOL DISTRICT**  
*Federal Award Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2025*

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

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

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

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

**Finding 2025-001: School Accountability Report Card (72000)**

*This is not a repeat finding.*

**Criteria:** In accordance with Education Code §33126, each school is to provide an accountability report card to include safety, cleanliness, and adequacy of school facilities, to include any needed maintenance to ensure good repair. The condition reported should be supported by the school's Facilities Inspection Tool (FIT), School Facilities Condition Evaluation as required by Ed Code §17002. In addition, according to Education Code §35256, the governing board must publish the School Accountability Report Card (SARC) for each school by February 1 of each year.

**Condition:** During our testing of School Accountability Report Cards, it was noted that El Rancho Charter School and Orange High School did not reconcile to their respective facility inspection tool (FIT). The following deficiencies were identified:

- El Rancho Charter SARC indicated “Good” rating, while the FIT form reported “Fair” in the categories of interior/restrooms and fountains.
- Orange High School SARC indicated “Poor” rating, while the FIT form reported “Fair” in the category of safety.

**Context:** Two schools out of the ten tested did not reconcile to the information published on the schools SARC. It was identified during the audit process that the Document Tracking System (DTS) had an error during the import process when the FIT Report data was submitted by the District, thus, causing certain categories to not reconcile to the SARC. We identified that these exceptions were corrected during the audit process.

**Cause:** Lack of oversight to ensure that School Accountability Report Cards are updated accordingly each fiscal year.

**Effect:** Facilities conditions could be misreported or outdated on the most recent School Accountability Report Cards published by the District.

**Recommendation:** The District should develop monitoring procedures to ensure that prior to School Accountability Report cards being published that someone independent of the process ensures the accuracy of the information being published.

**Views of Responsible Officials:** The discrepancies identified were the result of an error in the Document Tracking System (DTS) import process, which caused certain Facilities Inspection Tool (FIT) categories to load inaccurately onto the School Accountability Report Cards (SARC). To prevent recurrence, the district is prepared to implement an internal pre-audit review process prior to publishing SARCs. This added level of oversight will ensure that all inspection findings imported from DTS reconcile accurately with FIT reports and that the information published is complete, consistent, and properly validated.

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

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**Finding 2025-002: School Safety Plans (40000)**

*This is not a repeat finding.*

**Criteria:** Education Code section 32286 requires schools of an LEA to review, update and adopt their revised comprehensive school safety plans by March 1.

**Condition:** During our review of comprehensive school safety plans, we identified one site that updated its plan on March 6, after the March 1 deadline.

**Context:** An exception was noted at one out of 11 sites tested.

**Cause:** The District lacked oversight procedures to ensure all sites' comprehensive school safety plans were revised and adopted by March 1.

**Effect:** None.

**Recommendation:** The District should incorporate deadlines as it pertains to the comprehensive school safety plans to ensure the plans are reviewed, revised and adopted by March 1.

**Views of Responsible Officials:** The District acknowledges this isolated finding. We have established systems to ensure Comprehensive School Safety Plans (CSSP) are reviewed, adopted, and submitted by the March 1 deadline, as evidenced by the compliance of all other school sites tested. In this instance, one site posted its plan on March 6, five days after the deadline, due to an administrative oversight. Our current processes include a centralized tracking system that monitors each school's CSSP status and provides deadline alerts, regular reminders to principals throughout the review cycle, designated administrators within Student & Community Services who oversee compliance and provide site support, and a requirement that sites submit plans one week prior to March 1 to allow time for review. To strengthen our monitoring, we will add enhanced follow-up protocols, such as direct outreach to any site that has not been posted by the deadline to ensure immediate posting and resolution. The District remains committed to full compliance with state requirements for all school safety plans.

**ORANGE UNIFIED SCHOOL DISTRICT**

*Summary Schedule of Prior Audit Findings*

*For the Fiscal Year Ended June 30, 2025*

<b>Original Finding No.</b>	<b>Finding</b>	<b>Code</b>	<b>Recommendation</b>	<b>Current Status</b>
2024-001: <i>Procurement</i>	<p>Code of Federal Regulations, CFR 200.320, requires the non-Federal entity to have and use documented procurement procedures, consistent with the standards of this section and §§ 200.317, 200.318, and 200.319 for the acquisition of property or services required under a Federal award or sub-award. For “small purchases,” those where the aggregate dollar amount is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold, price or rate quotations must be obtained from an adequate number of qualified sources as determined appropriate by the non-Federal entity.</p> <p>During our testing of procurement, we sampled three contracts that would qualify as “small purchases.” The district could not provide evidence that multiple quotes had been obtained prior to selecting one of the vendors.</p>	50000	We recommend that the District train and implement the required federal procurement procedures to ensure that the District is in compliance.	Implemented.
2024-002: <i>Expanded Learning Opportunity Program</i>	<p>Pursuant to EC Section 46120(b)(2)(D) programs that serve transitional kindergarten or kindergarten pupils must maintain a pupil-to-staff member ratio of no more than 10 to 1 and all other grades must maintain a pupil-to-staff member ratio of no more than 20 to 1.</p> <p>During our testing of ratios, we encountered difficulties determining if program ratios were maintained. Multiple versions of documentation was provided during testing, and ultimately it could not be determined if ratios were maintained at two of the seven sites tested.</p>	40000	We recommend that the District track and monitor daily staffing and attendance to ensure compliance.	Implemented.



To the Board of Trustees  
Orange Unified School District  
Orange, California

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

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated November 25, 2025, on the financial statements of Orange Unified School District.

#### ***ASSOCIATED STUDENT BODY FUNDS***

***Observation:*** During our review of cash disbursements at the ASBs we noted thirteen instances at Canyon High School where disbursements sampled were not approved before the expense was incurred.

***Recommendation:*** Approvals by all required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines.

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

Murrieta, California  
November 25, 2025